GUARANTY BANCSHARES INC /TX/
Form S-4
March 29, 2018
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As filed with the Securities and Exchange Commission on March 29, 2018

Registration No. 333-[ ]

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

GUARANTY BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Texas	**6021**	**75-1656431**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

201 South Jefferson Avenue

Mount Pleasant, Texas 75455

(888) 572-9881

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Tyson T. Abston

Chairman and Chief Executive Officer

Guaranty Bancshares, Inc.

201 South Jefferson Avenue

Mount Pleasant, Texas 75455

(888) 572-9881

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Chet A. Fenimore

Derek W. McGee

Fenimore, Kay, Harrison & Ford, LLP

812 San Antonio Street, Suite 600

Austin, Texas 78701

(512) 583-5900

(512) 583-5940 (facsimile)

Peter G. Weinstock

Heather A. Eastep

Hunton & Williams, LLP

1445 Ross Avenue, Suite 3700

Dallas, TX 75202

(214) 468-3395

(214) 740-7138 (facsimile)

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filter		Accelerated filter
Non-accelerated filter	(Do not check if a smaller reporting company)	Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an N in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value $1.00 per share	900,000	N/A	$20,781,836	$2,587.34

(1) Represents the maximum number of shares of Registrant common stock that could be issued in connection with the merger described herein.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act), and computed pursuant to Rule 457(f)(2) and (f)(3) under the Securities Act, by multiplying the book value of Westbound Bank s outstanding capital stock (including shares underlying the outstanding stock options) of approximately $10.70 per share as of December 31, 2017, the latest practicable date prior to the date of filing this registration statement, by 2,541,952 (including shares underlying the outstanding stock options), the maximum number of shares of Westbound Bank s capital stock to be cancelled in the merger described herein, less the estimated aggregate cash consideration to be paid in the merger of $6,417,050.00.

(3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to $124.50 per $1,000,000 of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting to buy these securities, in any state where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION, DATED MARCH 29, 2018

JOINT PROXY STATEMENT/PROSPECTUS

PROPOSED MERGER AND SHARE ISSUANCE YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

You are invited to attend a special meeting of shareholders of Westbound Bank, or Westbound, on [ ], 2018, at [ ] p.m., local time, at 655 W. Grand Parkway South, Katy, Texas 77494. At the meeting, holders of record of shares of Westbound common and preferred stock will be asked to vote on a proposal to approve a merger agreement which provides for the acquisition of Westbound by Guaranty Bancshares, Inc., or Guaranty, through the merger of Westbound with and into Guaranty s banking subsidiary, Guaranty Bank & Trust, N.A. Guaranty is a bank holding company headquartered in Mount Pleasant, Texas, and is listed on the NASDAQ Global Select Market under the symbol GNTY.

If the merger agreement and the merger contemplated thereby are approved by the Westbound shareholders and the merger is completed, the holders of Westbound s common stock and preferred stock, collectively, Westbound stock, would be entitled to receive 900,000 shares of Guaranty common stock; and a cash payment equal to $6,417,050 (less the amount paid to cash out outstanding and unexercised stock options to acquire shares of Westbound stock as described in this proxy statement/prospectus).

In addition, immediately prior to the closing of the merger, Westbound will make a special dividend to its shareholders, in accordance with Westbound s articles of association (as amended), and will make a payment to the holders of Westbound options, on a pro rata basis to the holders of Westbound common stock as if the holders of Westbound options held the shares underlying such Westbound options on the record date of the payment, in an aggregate amount equal to the amount by which Westbound s adjusted tangible equity as of the determination date exceeds $16,500,000. The special dividend will not be made if it results in the merger not qualifying as a reorganization in accordance with the applicable provisions of the Internal Revenue Code of 1986, as amended and the Treasury regulations promulgated thereunder. For more information, please refer to The Merger Agreement Structure of the Merger Merger Consideration and The Merger Agreement Structure of the Merger Special Dividend each beginning on page 82 of this proxy statement/prospectus.

Because the value of the merger consideration to be paid to Westbound s shareholders as a result of the merger fluctuates with the price of Guaranty common stock and is subject to certain adjustments and holdbacks contained in the merger agreement, you may not know the actual merger consideration that you would receive when you vote on the proposal at the special meeting. For more information regarding these adjustments and holdbacks, please refer to The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 84 of this proxy statement/prospectus. However, for illustrative purposes only, had the merger transaction occurred on [ ], 2018, the latest practicable date before the printing of this proxy statement/prospectus, the Westbound shareholders would have been entitled to receive for each share of Westbound stock:

(i) 0.40036 shares of Guaranty common stock, with an implied value of $[ ];

(ii) a cash payment of $[ ] from Guaranty; and

(iii) a special dividend of $[ ] from Westbound,

for a total implied value of $[ ] per share.

Your vote is important no matter how many shares that you own. Approval of the merger agreement requires the approval of the holders of at least two-thirds of the outstanding shares of Westbound common stock and Westbound preferred stock, with each class of shares voting as a separate class. Holders of Westbound common stock will also, if necessary, vote upon a proposal to adjourn the special meeting to a later date if there are not enough votes at the meeting to approve the merger agreement, which we refer to as the adjournment proposal. **Whether or not you plan to attend the special meeting, please take the time to vote by following the voting instructions included in the enclosed proxy card, as applicable.** Submitting a proxy now will not prevent you from being able to vote in person at the special meeting.

Westbound s board of directors unanimously recommends that you vote FOR the approval of the merger agreement and, if necessary, the adjournment proposal at the special meeting.

This proxy statement/prospectus describes the Westbound special meeting, the proposed merger, the documents related to the proposed merger and other related matters. Please carefully read this entire proxy statement/prospectus, including the section entitled Risk Factors, beginning on page 22, for a discussion of the risks relating to the proposed merger. You can also obtain information about Guaranty from documents that it has filed with the Securities and Exchange Commission.

Tyson T. Abston	Bruce Reichstein
Chairman and Chief Executive Officer	Chairman of the Board
Guaranty Bancshares, Inc.	Westbound Bank
Telephone: (888) 572-9881	Telephone: (713) 554-7615

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of Westbound or any bank or non-bank subsidiary of Guaranty, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is [ ], 2018, and it is first being mailed or otherwise delivered to the shareholders of Westbound on or about [ ], 2018.

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Westbound Bank

655 W. Grand Parkway South

Katy, Texas 77494

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of Westbound Bank:

Notice is hereby given that Westbound Bank (which we refer to as Westbound) will hold a special meeting of its shareholders on [ ], 2018 at 655 W. Grand Parkway South, Katy, Texas 77494, at [ ]:00 p.m. local time, to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger (which we refer to as the merger agreement), by and among Guaranty Bancshares, Inc. (which we refer to as Guaranty), Guaranty Bank & Trust, N.A. (which we refer to as GBT), and Westbound, pursuant to which Westbound will merge with and into GBT (which we refer to as the merger), with GBT surviving the merger, and approve the merger, each as more fully described in the accompanying proxy statement/prospectus (which we refer to as the Westbound merger proposal); and

a proposal to adjourn the Westbound special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Westbound merger proposal (which we refer to as the Westbound adjournment proposal).

The proposals are described in the accompanying proxy statement/prospectus. Westbound has fixed the close of business on [ ], 2018 as the record date for the Westbound special meeting (which we refer to as the Westbound record date). Only Westbound shareholders of record as of the Westbound record date are entitled to notice of, and to vote at, the Westbound special meeting, or any adjournment or postponement of the Westbound special meeting. Approval of the Westbound merger proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Westbound common stock and at least two-thirds of the outstanding shares of Westbound preferred stock, with each class of shares voting as a separate class. The Westbound adjournment proposal will be approved if the holders of a majority of the shares of Westbound common stock entitled to vote on, and that voted for or against or expressly abstained with respect to, the Westbound adjournment proposal vote in favor of such proposal.

Westbound shareholders have the right to dissent from the merger and obtain payment in cash of the appraised fair value of their shares of Westbound stock under applicable provisions of the Texas Business Organizations Code (which we refer to as the TBOC). In order for a Westbound shareholder to perfect its right to dissent, the shareholder must carefully follow the procedure set forth in the TBOC. A copy of the applicable statutory provisions of the TBOC is included as Annex C to the proxy statement/prospectus and a summary of the provisions can be found in the section of the proxy statement/prospectus entitled The Merger Dissenters Rights in the Merger.

Westbound s board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Westbound and its shareholders, and unanimously recommends that Westbound shareholders vote **FOR** the

Westbound merger proposal and **FOR** the Westbound adjournment proposal.

Your vote is very important. Guaranty and Westbound cannot complete the merger unless Westbound s shareholders approve the merger agreement and approve the merger. Regardless of whether you plan to attend the Westbound special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Westbound, please complete, sign, date and return the accompanying

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proxy card in the enclosed postage-paid return envelope. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.

The proxy statement/prospectus provides a detailed description of the Westbound special meeting, the Westbound merger proposal, the documents related to the merger and other related matters. Guaranty and Westbound urge you to read the proxy statement/prospectus, including any documents they refer you to, and its annexes carefully and in their entirety. We look forward to seeing you at the Westbound special meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Bruce Reichstein
Chairman of the Board

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ADDITIONAL INFORMATION

This proxy statement/prospectus references important business and financial information about Guaranty and Westbound from other documents that are not included in or delivered with this proxy statement/prospectus. For more details on these documents, see the section of this proxy statement/prospectus entitled Where You Can Find More Information beginning on page 205. You may obtain free copies of any such documents by requesting copies in writing or by telephone from the appropriate company, as set forth below:

Guaranty Bancshares, Inc.	Westbound Bank
201 South Jefferson Avenue	655 W. Grand Parkway South
Mount Pleasant, Texas 75455	Katy, Texas 77494
Attention: Clifton A. Payne	Attention: Troy England
Telephone: (888) 572-9881	Telephone: (713) 554-7615

You will not be charged for any of these documents that you request. To receive timely delivery of these documents in advance of the meeting, you must make your request no later than five business days before the Westbound special meeting.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission by Guaranty (File No. 333-[ ]), constitutes a prospectus of Guaranty under Section 5 of the Securities Act of 1933, as amended (which we refer to as the Securities Act), with respect to the shares of Guaranty common stock to be issued to Westbound shareholders pursuant to the terms of the merger agreement. This document also constitutes a proxy statement for Westbound under the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). It also constitutes a notice of special meeting with respect to the Westbound special meeting.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from that contained in this document. This proxy statement/prospectus is dated [ ], 2018, and you should assume that the information in this document is accurate only as of such date unless another date is specified. Neither the mailing of this document to Westbound shareholders nor the issuance by Guaranty of shares of Guaranty common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Guaranty has been provided by Guaranty and information contained in this document regarding Westbound has been provided by Westbound.

For more details, see the section of this proxy statement/prospectus entitled Where You Can Find More Information beginning on page 205.

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QUESTIONS AND ANSWERS

The following are some questions that you, as a Westbound shareholder, may have about the merger and the Westbound special meeting, and brief answers to those questions. Guaranty and Westbound urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger and the Westbound special meeting or the proposals presented at that meeting. Additional important information is also contained in the annexes to this proxy statement/prospectus. For details about where you can find additional important information, please see the section of this proxy statement/prospectus entitled Where You Can Find More Information beginning on page 205.

Unless the context otherwise requires, references in this proxy statement/prospectus to Guaranty refer to Guaranty Bancshares, Inc., a Texas corporation, and its affiliates, including Guaranty Bank & Trust, N.A., a national banking association and a wholly-owned subsidiary of Guaranty (which we refer to as GBT). Additionally, unless the context otherwise requires, references to Westbound refer to Westbound Bank, a Texas banking association.

Q: What is the merger?

A: Guaranty, GBT and Westbound entered into the Agreement and Plan of Merger on January 29, 2018 (which we refer to as the merger agreement). Under the merger agreement, Westbound will merge with and into GBT, with GBT continuing as the surviving entity (which we refer to as the merger). A copy of the merger agreement is included in this proxy statement/prospectus as Annex A. The merger cannot be completed unless, among other things, the holders of at least (i) two-thirds of the issued and outstanding shares of common stock of Westbound (which we refer to as Westbound common stock) and (ii) two-thirds of the issued and outstanding shares of Class A Preferred Stock of Westbound (which we refer to as Westbound preferred stock , and together with Westbound common stock, the Westbound stock), with each class of shares voting as a separate class, vote in favor of the proposal to approve the merger agreement and approve the merger (which we refer to as the Westbound merger proposal).

Q: What are the material terms of the merger?

A: The material terms of the merger, including the consideration that the Westbound shareholders are entitled to receive as a result of the merger, are contained in the merger agreement which is attached to this proxy statement/prospectus as Annex A. For a summary of such terms, see Summary beginning on page 7. For a full description of such terms, see The Merger Agreement beginning on page 81.

Q: Why am I receiving this proxy statement/prospectus?

A: Guaranty and Westbound are delivering this document to you because it is a proxy statement being used by Westbound s board of directors (which we refer to as the Westbound Board) to solicit proxies of Westbound s shareholders entitled to vote on approval of the merger proposal and related matters. Westbound has called a special meeting of its shareholders to consider the Westbound merger proposal. This document serves as the proxy statement for the Westbound special meeting and describes the proposals to be presented at the Westbound special meeting. It also constitutes a notice of special meeting with respect to the Westbound special meeting. In addition, this document is a prospectus that is being delivered to Westbound shareholders because Guaranty is offering shares of Guaranty common stock to Westbound shareholders in connection with the merger. This proxy statement/prospectus contains important information about Guaranty and an investment in its common stock.

This proxy statement/prospectus contains important information about the merger, the proposals being voted on at the Westbound special meeting and important information to consider in connection with an investment in Guaranty common stock. You should read it carefully and in its entirety. The enclosed

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materials allow you to have your shares of Westbound stock voted by proxy without attending the Westbound special meeting. Your vote is important, and Guaranty and Westbound encourage you to submit your proxy as soon as possible.

Please note that Westbound will not hold a 2018 annual meeting of shareholders if the merger is completed. However, if the merger is not completed for any reason, Westbound will hold an annual meeting of its shareholders in 2018 and will provide notice thereof to its shareholders.

Q: What are Westbound shareholders being asked to vote on at the Westbound special meeting?

A: Westbound is soliciting proxies from its shareholders with respect to the following proposals:

- the Westbound merger proposal; and

- a proposal to adjourn the Westbound special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Westbound merger proposal (which we refer to as the Westbound adjournment proposal). Completion of the merger is not conditioned upon approval of the Westbound adjournment proposal.

Q: When and where is the Westbound special meeting?

A: The Westbound special meeting will be held at 655 W. Grand Parkway South, Katy, Texas 77494, on May [ ], 2018, at [ ]:00 p.m. local time.

Q: How does the Westbound Board recommend that I vote at the Westbound special meeting?

A: The Westbound Board has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Westbound and its shareholders and has unanimously approved the merger agreement and the merger. The Westbound Board unanimously recommends that Westbound shareholders vote FOR the Westbound merger proposal and FOR the Westbound adjournment proposal. For the factors considered by the Westbound Board in reaching its decision to approve the Westbound merger proposal, see The Merger Westbound s Reasons for the Merger; Recommendation of the Westbound Board beginning on page 64.

Certain executive officers and directors of Westbound and their affiliates have entered into a voting agreement with Guaranty, solely in their capacity as shareholders of Westbound, pursuant to which they have agreed to vote in favor of the Westbound merger proposal and in favor of any other matter required to be approved by the shareholders of Westbound to facilitate the transactions contemplated by the merger agreement. Collectively, these executive officers and directors own 628,493 shares of Westbound common stock, or approximately 31.9% of the outstanding shares of Westbound common stock, and 42,063 shares of Westbound preferred stock, or approximately 15.1% of the outstanding shares of Westbound preferred stock. For more information regarding the voting agreements, see The

Merger Agreement Westbound Director Support Agreements and Westbound Voting Agreements beginning on page 107.

Q: What constitutes a quorum for the Westbound special meeting?

A: The holders of a majority of the shares of Westbound stock issued and outstanding and entitled to vote at the Westbound special meeting must be present, either in person or by proxy, to constitute a quorum at the Westbound special meeting. Abstentions and shares held of record by a broker or nominee that are voted on any matter are included in determining whether a quorum exists.

Q: What is the vote required to approve each proposal at the Westbound special meeting?

A: The Westbound merger proposal: The affirmative vote of at least (i) two-thirds of the outstanding shares of Westbound common stock and (ii) two-thirds of the outstanding shares of Westbound preferred stock, with each class of shares voting as a separate class, is required to approve the Westbound merger proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or fail to vote in person at the Westbound special meeting (if you have not submitted a proxy card) or fail to instruct your bank or broker how to vote with respect to the Westbound merger proposal, it will have the effect of a vote AGAINST the proposal.

The Westbound adjournment proposal: The affirmative vote of the holders of a majority of the outstanding shares of Westbound common stock entitled to vote on, and that voted for or against or expressly abstained with respect to, the Westbound adjournment proposal is required to approve the proposal. If you mark ABSTAIN on your proxy card, it will have the effect of a vote AGAINST the proposal. If you fail to submit a proxy card or fail to vote in person at the Westbound special meeting (if you have not submitted a proxy card) or fail to instruct your bank or broker how to vote with respect to the Westbound adjournment proposal, it will have no effect on the proposal.

Q: Why is my vote important?

A: If you do not vote, it will be more difficult for Westbound to obtain the necessary quorum to hold its special meeting and to obtain approval of the proposals to be voted upon at the special meeting. In addition, your failure to vote will have the effect of a vote AGAINST the Westbound merger proposal. The Westbound Board unanimously recommends that you, as a Westbound shareholder, vote FOR the Westbound merger proposal.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All shareholders of Westbound as of the Westbound record date, including shareholders of record and shareholders who hold their shares in street name through banks, brokers, nominees or any other holder of record as of the Westbound record date, are invited to attend the Westbound special meeting. Shareholders of record of Westbound stock can vote in person at the Westbound special meeting. If you are not a shareholder of record as of the Westbound record date, you must obtain a proxy card, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the Westbound special meeting. If you plan to attend the Westbound special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Westbound reserves the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the Westbound special meeting is prohibited without Westbound s express written consent.

Q: Can I change my vote?

A: Yes. If you are the record holder of your shares as of the Westbound record date, you may revoke any proxy given pursuant to this solicitation by the Westbound Board at any time before it is voted at the special meeting by (i) giving written notice to the Corporate Secretary of Westbound, (ii) executing a proxy bearing a later date and delivering that proxy to the Corporate Secretary of Westbound at or before the Westbound special meeting, or (iii) attending and voting in person at the Westbound special meeting.

All written notices of revocation and other communications with respect to revocation or proxies should be sent to: Westbound Bank, 655 W. Grand Parkway South, Katy, TX 76107, Attn: Corporate Secretary. If you hold your shares in street name with a bank or broker, you must contact such bank or broker for instructions as to how to revoke your proxy.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at the special meeting.

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If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. If you hold your shares in street name through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker. Street name shareholders who wish to vote in person at their special meeting will need to obtain a legal proxy from the institution that holds their shares.

Q: What is the difference between a shareholder of record and a street name holder?

A: If you are a Westbound shareholder and if your shares of Westbound stock are registered directly in your name, you are considered the shareholder of record with respect to those shares of Westbound stock. On the close of business on [ ], 2018, the Westbound record date, Westbound had 397 holders of record.

If your shares of Westbound stock are held in a stock brokerage account or by a bank or other nominee, the nominee is considered the record holder of those shares. You are considered the beneficial owner of these shares, and your shares are held in street name. This proxy statement/prospectus and Westbound proxy card, as applicable, have been forwarded to you by your nominee. As the beneficial owner, you have the right to direct your nominee concerning how to vote your shares by using the voting instructions it included in the mailing or by following its instructions for voting.

Q: If my shares of Westbound stock are held in street name by my bank or broker, will my bank or broker automatically vote my shares for me?

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

Q: What is a broker non-vote?

A: A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

If you are a Westbound shareholder, your broker does not have discretionary authority to vote your shares with respect to the Westbound merger proposal or the Westbound adjournment proposal.

Q: How are broker non-votes and abstentions treated?

A: Brokers, as holders of record, are permitted to vote on certain routine matters, but not on non-routine matters. If you hold shares in street name and do not provide voting instructions to your broker, those shares will be counted as broker non-votes for all non-routine matters. It is expected that all proposals to be voted on at the Westbound special meeting are non-routine matters. Abstentions and shares held of record by a broker or nominee that are voted on any matter are included in determining whether a quorum exists.

Abstentions and broker non-votes by Westbound shareholders will have the effect of a vote AGAINST the Westbound merger proposal because Texas law requires the Westbound merger proposal to be approved by the affirmative vote of the holders of two-thirds of the outstanding shares entitled to vote, with each class of shares voting as a separate class.

Abstentions will have the effect of a vote AGAINST the Westbound adjournment proposal. Broker non-votes will not have the effect of a vote AGAINST the Westbound adjournment proposal.

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Q: What are the U.S. federal income tax consequences of the merger to Westbound shareholders?

A: The obligations of Westbound and Guaranty to complete the merger are subject to, among other customary closing conditions described in this proxy statement/prospectus, the receipt by each of Westbound and Guaranty of the opinion of its counsel to the effect that the merger will be treated as a transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code). Assuming that the merger qualifies as a reorganization under the Code, holders of Westbound stock who exchange their shares of Westbound stock in exchange for a combination of shares of Guaranty common stock and cash consideration pursuant to the merger generally will recognize gain (but not loss) equal to the lesser of (i) the excess, if any, of the cash consideration received and the fair market value of the shares of Guaranty common stock received pursuant to the merger over that holder s adjusted tax basis in his, her or its shares of Westbound stock surrendered, and (ii) the amount of cash consideration received by that holder in exchange for their shares of Westbound stock pursuant to the merger. In addition, a holder of Westbound stock generally will recognize gain with respect to any cash received instead of fractional shares of Guaranty common stock.

You should read the section of this proxy statement/prospectus entitled Material U.S. Federal Income Tax Consequences of the Merger beginning on page 108 for a general discussion of the material U.S. federal income tax consequences of the merger. The U.S. federal income tax consequences described above may not apply to all holders of Westbound stock. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the merger to you.

Q: Are Westbound shareholders entitled to dissenters rights?

A: Yes, Westbound shareholders may assert dissenters rights. For further information, see The Merger Dissenters Rights in the Merger beginning on page 77, which discussion is qualified by the full text of the provisions of the TBOC relating to rights of dissent set forth in Annex C hereto.

Q: If I am a Westbound shareholder, should I send in my Westbound stock certificates now?

A: No. Please do not send in your Westbound stock certificates with your proxy. After the merger, Guaranty s exchange agent, Computershare, Inc., will send you instructions for exchanging Westbound stock certificates for the per share merger consideration (as defined herein). See The Merger Agreement Conversion of Shares; Exchange of Certificates beginning on page 87.

Q: Who may I contact if I cannot locate my Westbound stock certificate(s)?

A: If you are unable to locate your original Westbound stock certificate(s), you should contact Valerie Hightower, Corporate Secretary of Westbound, at (713) 554-7615.

Q: What should I do if I receive more than one set of voting materials?

A: Westbound shareholders may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares of Westbound stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Westbound stock and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this proxy statement/prospectus to ensure that you vote every share of Westbound stock that you own.

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Q: When do you expect to complete the merger?

A: Guaranty and Westbound currently expect to complete the merger in the second quarter of 2018. However, neither Guaranty nor Westbound can assure you of if or when the merger will be completed. Before the merger is completed, Westbound must obtain the approval of Westbound shareholders for the Westbound merger proposal, necessary regulatory approvals must be obtained and certain other closing conditions must be satisfied.

Q: What happens if the merger is not completed?

A: If the merger is not completed, holders of Westbound stock will not receive any consideration for their shares in connection with the merger. Instead, Westbound will remain an independent company. In addition, if the merger agreement is terminated in certain circumstances, Westbound may be required to pay a termination fee. See the section of this proxy statement/prospectus entitled The Merger Agreement Termination Fee beginning on page 106 for a complete discussion of the circumstances under which termination fees will be required to be paid.

Q: Whom should I call with questions?

A: If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of Westbound stock, please contact Valerie Hightower, Corporate Secretary of Westbound, at (713) 554-7615.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. Guaranty and Westbound urge you to read carefully the entire proxy statement/prospectus, including the annexes, and the other documents to which they refer in order to fully understand the merger. A copy of the merger agreement is attached as Annex A. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.

Information about the Companies (page 124)

Guaranty Bancshares, Inc.

Guaranty is a Texas corporation and a bank holding company headquartered in Mount Pleasant, Texas. Through its wholly-owned subsidiary, GBT, Guaranty provides a broad array of financial products and services to individuals and corporate customers. GBT was initially founded in 1913, but converted its charter to a national banking association in 2012. GBT has 28 banking locations across 20 Texas communities located within the East Texas, Dallas/Fort Worth metroplex, and Central Texas markets of the State of Texas. As of December 31, 2017, Guaranty had total assets of $2.0 billion, total loans of $1.4 billion, and total deposits of $1.7 billion.

Guaranty s primary customers are small and medium-sized businesses and professionals. Guaranty believes that these businesses and professionals highly value the local decision-making and relationship-driven, quality service it provides and its deep, long-term understanding of Texas community banking. As a result of consolidation, Guaranty believes that there are few locally-based banks that are dedicated to providing this level of service to small and medium-sized businesses. Guaranty s management team s long-standing presence and experience in Texas gives Guaranty unique insight into its markets and the needs of its customers. This enables Guaranty to respond quickly to customers, provide high quality personal service and develop comprehensive, long term banking relationships by offering products and services tailored to meet the individual needs of its customers. This focus and approach enhances Guaranty s ability to continue to grow organically, successfully recruit talented bankers and strategically source potential acquisitions within its target markets.

Guaranty s stock is listed on the NASDAQ Global Select Market (which we refer to as NASDAQ) under the symbol GNTY.

Guaranty s principal office is located at 201 South Jefferson Avenue, Mount Pleasant, Texas 75455, and its telephone number at that location is (888) 572-9881. Additional information about Guaranty and its subsidiaries is included in the section of this proxy statement/prospectus entitled Information About Guaranty, beginning on page 124.

Westbound Bank

Founded in 2007, Westbound is a Texas banking association and offers a broad range of commercial and consumer banking services to small and medium-sized businesses, independent single-family residential and commercial contractors and consumers. Westbound provides these products and services through Westbound s four branches in the Houston metropolitan region. As of December 31, 2017, Westbound had total assets of $228.5 million, total loans of $160.3 million, and total deposits of $188.5 million. Westbound s principal executive offices are located at 655 W. Grand Parkway South, Katy, TX 77494, and its telephone number at that location is (713) 554-7615. For additional information about Westbound, see the section of this proxy statement/prospectus entitled Information About Westbound beginning on page 196.

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In the Merger, Westbound Shareholders will be Entitled to Receive Shares of Guaranty Common Stock and Cash (page 82)

Merger Consideration

Guaranty and Westbound are proposing a strategic merger. At the effective time of the merger (which we refer to as the effective time), all outstanding shares of Westbound stock (other than shares of Westbound stock held in the treasury of Westbound, by Westbound, or by any Westbound shareholder who has perfected such shareholder s dissenter s rights under applicable law (which we refer to as a dissenting shareholder) including the terms and provisions of Chapter 10, Subchapter H of the Texas Business Organizations Code (which we refer to as the TBOC)) will be converted into the right to receive 900,000 shares of Guaranty common stock (which we refer to as the aggregate stock consideration) and $6,417,050 in cash (which we refer to as the aggregate cash consideration , and together with the aggregate stock consideration, the aggregate merger consideration), net of the amount of cash paid to cancel and cash out all outstanding options to purchase Westbound stock (which net amount we refer to as the aggregate shareholder cash consideration), subject to potential adjustments of the aggregate stock consideration and aggregate cash consideration under certain circumstances as described below.

As a result of the merger, each share of Westbound stock, other than shares of Westbound stock held in the treasury of Westbound, by Westbound, or by any dissenting shareholder, will be entitled to receive (i) cash in the amount of the aggregate shareholder cash consideration divided by the number of issued and outstanding shares of Westbound stock immediately prior to the effective time (which we refer to as the per share cash consideration), and (ii) the number of shares of Guaranty common stock equal to the aggregate stock consideration divided by the number of issued and outstanding shares of Westbound stock immediately prior to the effective time (which we refer to as the per share stock consideration and together with the per share cash consideration, the per share merger consideration).

Assuming 293,800 Westbound options unexpired, outstanding and unexercised, 2,247,952 shares of Westbound stock issued and outstanding and:

- a Guaranty determination date stock price of $31.43, which is the average of the daily volume-weighted average sales price per share of Guaranty common stock on NASDAQ for the 15 consecutive trading days ending on and including January 26, 2018, the last trading day before public announcement of the merger, the aggregate stock consideration would be 900,000 shares of Guaranty common stock, the aggregate option consideration would be $1,269,808.93 and the aggregate shareholder cash consideration would be $5,147,241.07, resulting in an implied value of the aggregate merger consideration of $34,290,050 based on a closing price of Guaranty common stock on January 26, 2018 of $30.97, and the per share stock consideration would be 0.40036 shares of Guaranty common stock with a monetary value of $12.40, the per share cash consideration would be $2.29, and the implied value of the per share merger consideration, based on a closing price of Guaranty common stock on January 26, 2018 of $30.97, would be $14.69; or

- a Guaranty determination date stock price of $[ ], which is the average of the daily volume-weighted average sales price per share of Guaranty common stock on NASDAQ for the 15 consecutive trading days ending on and including [ ], 2018, the latest practicable trading day before the printing of this proxy statement/prospectus, the aggregate stock consideration would be 900,000 shares of Guaranty common stock, the aggregate option consideration would be $ [ ], and the aggregate shareholder cash consideration would be $[ ], resulting in an implied value of the aggregate merger consideration of

$[   ] based on a closing price of Guaranty common stock on [   ], 2018 of $[   ], and the per share stock consideration would be .40036 shares of Guaranty common stock with a monetary value of $[   ], the per share cash consideration would be $[   ], and the implied value of the per share merger consideration, based on a closing price of Guaranty common stock on [   ], 2018 of $[   ], would be $[   ].

Guaranty will not issue any fractional shares of Guaranty common stock in the merger. Westbound shareholders who would otherwise be entitled to a fraction of a share of Guaranty common stock upon the completion of the merger will instead be entitled to receive, in lieu of the fraction of a share, an amount in cash determined by multiplying (i) the Guaranty determination date stock price by (ii) the fraction of a share of Guaranty common stock which such shareholder would otherwise be entitled to receive.

For more details on the merger consideration, see The Merger Agreement Structure of the Merger Merger Consideration beginning on page 82.

Special Dividend

If Westbound s adjusted tangible equity, which is generally Westbound s shareholders equity less goodwill, core deposit intangibles and other intangible assets as well as transaction-related expenses that have not been paid or accrued through calculation date, is greater than $16.5 million on the calculation date, then on the closing date, Westbound may distribute to its shareholders, in accordance with Westbound s articles of association (as amended), and make a payment to the holders of Westbound options, on a pro rata basis to the holders of Westbound common stock as if the holders of Westbound options held the shares underlying such Westbound options on the record date of the payment, an amount equal to the difference between the actual amount of adjusted tangible equity on the calculation date less $16.5 million (which we refer to as the special dividend). The special dividend will not be made if making such dividend would cause the merger to be considered something other than a reorganization in accordance with Section 368(a) of the Code and the Treasury regulations promulgated thereunder. Pursuant to the merger agreement, the calculation date means the last business day of the month preceding the closing date. As of [ ], 2018, the most recent practicable date before the printing of this proxy statement/prospectus, Westbound estimates that its adjusted tangible equity as of the calculation date will be approximately $[ ], resulting in a special dividend in the amount of $[ ].

For more information regarding the special dividend, how Westbound s adjusted tangible equity will be calculated and how Westbound has estimated what that amount will be as of the calculation date, please see The Merger Agreement Structure of the Merger Special Dividend beginning on page 82.

Adjustments to Merger Consideration

The aggregate stock consideration and the aggregate cash consideration are subject to adjustment by Guaranty to the extent that the average of the daily volume-weighted average sales price per share of Guaranty common stock on NASDAQ for the 15 consecutive trading days ending on and including the tenth trading day prior to the closing date (which date we refer to as the determination date and which average sales price per share we refer to as the Guaranty determination date stock price) is equal to or less than $26.71 or equal to or greater than $36.14. If the Guaranty determination date stock price is equal to or greater than $36.14, then Guaranty, at its election, may either decrease the aggregate stock consideration and/or decrease the aggregate cash consideration such that, when valuing the aggregate stock consideration based on the Guaranty determination date stock price, the aggregate merger consideration is valued at an amount equal to $38,943,050. If the Guaranty determination date stock price is equal to or less than $26.71, then Guaranty, at its election, may either increase the aggregate stock consideration and/or increase the aggregate cash consideration such that, when valuing the aggregate stock consideration based on the Guaranty determination date stock price, the aggregate merger consideration is valued at an amount equal to $30,456,050. For more information on these potential adjustments, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 84.

In addition, the Westbound Board may terminate the merger agreement if the Guaranty determination date stock price is below $25.14 as well as below the threshold relative to an index of banking stocks described in the merger agreement. If the Westbound Board terminates the merger agreement in such circumstances, Guaranty may prevent such termination by agreeing in writing within 5 days of receiving notice of such termination to increase the number of shares in the aggregate stock consideration and/or increase the aggregate cash consideration, such that the aggregate merger consideration is equal to $30,456,050. For more information on this basis of termination, see The Merger Agreement Termination of the Merger Agreement beginning on page 104.

Escrow Holdback

At the closing of the merger, Guaranty, GBT and Westbound will enter into an escrow agreement (which is attached as Exhibit D to the merger agreement and included in Annex A) pursuant to which up to $2.0 million (which we refer to as the escrowed funds) of the aggregate shareholder cash consideration will be held back by Guaranty for up to three years following the closing (which we refer to as the escrowed holdback). The escrowed funds are intended to provide Guaranty with a source of funds from which it may be reimbursed in the event that GBT suffers or incurs losses on certain loans subject to the escrow agreement in excess of the specified allowance for loan and lease losses credit for any such loan. The escrowed funds may not be paid, or may be only partially paid, to Westbound shareholders if GBT suffers or incurs any such losses. A claim against the escrowed funds may reduce the aggregate shareholder cash consideration distributed to the Westbound shareholders in connection with the merger. The escrowed funds not used to reimburse Guaranty for losses as described above will be distributed to the Westbound shareholders in accordance with the terms and conditions of the escrow agreement.

Assuming there are 2,247,952 issued and outstanding shares of Westbound stock immediately prior to the effective time and the escrow funds equal $2.0 million in the aggregate, then the per share escrow holdback would be $0.89 per share of Westbound stock. However, pursuant to the terms of the merger agreement, any loan subject to the escrow agreement that is resolved by Westbound prior to the closing date will be removed from the list of loans subject to the escrow agreement and the total amount of the escrowed funds shall be reduced by the amount of escrowed funds applicable to such resolved loan. For further information on the escrow holdback and the disbursement of the escrowed funds, see The Merger Agreement Structure of the Merger Escrow Holdback beginning on page 85.

How Westbound Stock Options Will Be Treated (page 87)

Each option granted by Westbound to purchase shares of Westbound stock (which we refer to individually as a Westbound option and collectively as the Westbound options) that is unexpired, outstanding and unexercised immediately prior to the effective time will be cancelled and converted automatically into the right to receive an amount in cash per option, without interest, determined by multiplying (i) the number of shares of Westbound stock available for purchase pursuant to such option by (ii) the amount by which the Per Option Amount exceeds the exercise price per share under such option. Pursuant to the merger agreement, the Per Option Amount is calculated by dividing (i) the sum of the aggregate merger consideration (valuing the aggregate stock consideration based on the Guaranty determination date stock price) by (ii) the sum of the number of shares of Westbound stock outstanding immediately prior to the effective time of the merger, plus the number of Westbound options outstanding immediately prior to the effective time of the merger. The aggregate cash consideration payable to the Westbound shareholders will be reduced by the aggregate cash consideration payable to the holders of the Westbound options (which we refer to as the aggregate option consideration). Any Westbound option with an exercise price per share of Westbound stock that is greater than or equal to the Per Option Amount will be cancelled in exchange for no consideration.

Each holder of a Westbound option will be required to enter into an option holder termination and release agreement as a condition to receiving cash consideration for such Westbound options. As of January 29, 2018,

there were 293,800 Westbound options unexpired, outstanding and unexercised, with an average exercise price of $9.33 per share, resulting in an aggregate exercise price of $2,741,617.

For further information on the treatment of the Westbound options, see The Merger Agreement Treatment of Westbound Options beginning on page 87.

Material U.S. Federal Income Tax Consequences (page 108)

The closing of the merger is conditioned upon the receipt by Guaranty of an opinion from Fenimore, Kay, Harrison & Ford, LLP, counsel to Guaranty, and the receipt by Westbound of an opinion from Hunton & Williams, LLP, counsel to Westbound, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither Guaranty nor Westbound currently intends to waive this condition to the consummation of the merger. If either party waives this condition after this registration statement is declared effective by the SEC, and if the tax consequences of the merger to Westbound shareholders have materially changed, Guaranty and Westbound will recirculate appropriate soliciting materials to resolicit the votes of Westbound shareholders. As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes, holders of Westbound stock will not generally recognize any loss, but will generally recognize gain, if any, equal to the lesser of (1) the excess, if any, of the sum of the cash consideration received and the fair market value of the Guaranty common stock received pursuant to the merger over that holder s adjusted tax basis in its shares of Westbound stock surrendered, and (2) the amount of cash consideration received by that holder in exchange for their shares of Westbound stock pursuant to the merger.

For further information, please see Material U.S. Federal Income Tax Consequences of the Merger beginning on page 108. **The U.S. federal income tax consequences described above may not apply to all holders of Westbound stock. Your tax consequences will depend on your individual situation. Accordingly, Guaranty and Westbound strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.**

Opinion of Westbound s Financial Advisor (page 66 and Annex B)

On January 26, 2018, The Bank Advisory Group, LLC (which we refer to as BAG) rendered to Westbound its written opinion with respect to the fairness, from a financial point of view, to the holders of Westbound stock, as of January 26, 2018, of the merger consideration pursuant to the merger agreement. On January 28, 2018, at the meeting of the Westbound Board to approve the merger agreement, BAG confirmed its position with respect to its written fairness opinion. BAG s opinion was directed to the Westbound Board and only addressed the fairness, from a financial point of view, to the holders of Westbound stock of the merger consideration pursuant to the merger agreement and did not address any other aspect or implication of the merger. The references to BAG s opinion in this proxy statement/prospectus are qualified in their entirety by reference to the full text of BAG s written opinion, which is included as Annex B to this proxy statement/prospectus, and BAG s opinion sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by BAG in preparing its opinion.

Neither BAG s opinion, nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus is intended to be, and they do not constitute, advice or a recommendation to the Westbound Board or any shareholder of Westbound as to how to act or vote with respect to any matter relating to the merger agreement or otherwise. BAG s opinion was furnished for the use and benefit of the Westbound Board (in its capacity as such) in connection with its evaluation of the merger and should not be construed as creating, and BAG will not be deemed to have, any fiduciary duty to the Westbound Board, Westbound, any security holder or

creditor of Westbound or any other person, regardless of any prior or ongoing advice or relationships. See The Merger Opinion of Westbound s Financial Advisor beginning on page 66.

Interests of Westbound s Directors and Executive Officers in the Merger (page 75)

In considering the recommendation of the Westbound Board with respect to the merger agreement, you should be aware that certain of Westbound s directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of Westbound shareholders generally. Interests of directors and executive officers that may be different from or in addition to the interests of Westbound shareholders include:

Director Support Agreements. Guaranty has entered into separate support agreements with each of the directors of Westbound, to be effective, if at all, upon completion of the merger. Each of those agreements provides, among other things, that each such director agrees to use reasonable efforts to refrain from harming the goodwill and customer and client relationships of Westbound, as well as certain confidentiality, noncompetition and non-solicitation obligations following the closing date.

Stock Options. Directors Bruce Reichstein, Michael Burns, Troy England, Jerald Reichstein, Robert Kramer and Kenneth Rosenberger collectively hold an aggregate of 194,400 Westbound options. To the extent one or more of those persons do not exercise those Westbound options prior to the effective time, then pursuant to the terms of the merger agreement, and like all of the holders of outstanding Westbound options, they will receive cash in connection with the cancellation of those Westbound options that are outstanding and unexercised at the effective time. Payments made to the holders of outstanding Westbound options, including these directors, to cash out their Westbound options pursuant to the terms of the merger agreement, will reduce the amount of cash to be issued in exchange for each share of Westbound stock in the merger and, thus, reduce the aggregate merger consideration received by Westbound shareholders in the merger.

Indemnification and Insurance. The directors and officers of Westbound will receive indemnification from Guaranty for a period of six years after completion of the merger to the same extent and subject to the conditions set forth in the articles of association and bylaws of Westbound and continued director and officer liability insurance coverage for such six year period. Payment of the premium for the continued director and officer liability coverage will be considered a Transaction Expense (as defined in the merger agreement) and accounted for in determining Westbound s adjusted tangible equity, as more specifically described in the merger agreement.

Employee Benefit Plans. Employees of Westbound who continue on as employees of Guaranty will be entitled to participate as newly-hired employees in the employee benefit plans and programs maintained for employees of Guaranty and GBT. These employees will receive credit for their years of service with Westbound for all purposes under the employee welfare benefit plans and other employee benefit plans and programs (other than for purposes of vesting under stock incentive plans and for any purpose under Guaranty s employee stock ownership plan) sponsored by Guaranty or GBT, to the extent permitted by applicable law.

Employment Agreements. Guaranty has entered into employment agreements with certain employees of Westbound, specifically, Troy England, Joseph Catania, Nick Davis, Robert Kramer, and Billijane Tucker, to be effective, if at all, upon completion of the merger (which we refer to collectively as the employment agreements). Each of those agreements includes, among other things, certain compensation, benefits and severance obligations, as well as certain confidentiality, noncompetition and non-solicitation obligations following the closing date.

Assignment and Assumption Agreement. Guaranty has entered into an assignment and assumption agreement (which is attached as Exhibit G to the merger agreement and included in Annex A), pursuant

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to which Westbound will assign to Guaranty and GBT, and Guaranty and GBT will assume, all of Westbound s obligations of the current salary continuation agreements of Troy England, Robert Kramer, and B. Ralph Williams effective as of the closing date.

Confidentiality and Non-Solicitation Agreements. Guaranty will enter into confidentiality and non-solicitation agreements with certain officers of Westbound to be identified prior to the closing, and to be effective, if at all, upon completion of the merger (which we refer to collectively as the non-solicitation agreements).

These interests are discussed in more detail in the section of this proxy statement/prospectus entitled The Merger Interests of Westbound s Directors and Executive Officers in the Merger beginning on page 75. The Westbound Board was aware of these interests and considered them, among other matters, in approving the merger agreement.

Conditions that Must Be Satisfied or Waived for the Merger to Occur (page 102)

Currently, Westbound and Guaranty expect to complete the merger in the second quarter of 2018. As more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. Guaranty s and Westbound s respective obligations to complete the merger are subject to the satisfaction or waiver of the following conditions, among others:

- the approval of the Westbound merger proposal by the requisite vote of the Westbound shareholders;
- the receipt of all required regulatory approvals;
- the absence of any government action that would restrain or prohibit the merger, prohibit ownership by Guaranty of a material portion of Westbound s business or assets, or require Guaranty to sell or dispose of any of its or Westbound s significant businesses or assets, among any other material adverse requirement;
- the exercise of dissenters rights by the holders of not more than 5.0% of the issued and outstanding shares of Westbound stock;
- the effectiveness of the registration statement of which this proxy statement/prospectus is a part;
- the truth and correctness of the representations and warranties of each other party to the merger agreement, subject to the materiality standards contained in the merger agreement;
- the performance by each party in all material respects of their obligations under the merger agreement;

receipt by each party of an opinion of such party s legal counsel to the effect that the merger will qualify as a reorganization under Section 368(a) of the Code;

delivery of the merger consideration by Guaranty to the exchange agent;

Westbound s adjusted tangible equity being no less than $16,500,000;

receipt by Guaranty of evidence that certain contracts of Westbound have been terminated;

the voting agreements executed by certain of Westbound s officers and directors remaining in full force and effect;

each of the Westbound director support agreements remaining in full force and effect;

the employment agreements executed by certain of Westbound s officers remaining in full force and effect;

each of the non-solicitation agreements have been executed by certain of Westbound s officers and remain in full force and effect; and

the escrow agreement shall have been executed by the parties thereto and remain in full force and effect.

Neither Westbound nor Guaranty can provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party, or that the merger will be completed.

Termination of the Merger Agreement (page 104)

Either Guaranty or Westbound may terminate the merger agreement in various circumstances, including the following:

if the board of directors of Guaranty (which we refer to as the Guaranty Board) and the Westbound Board mutually consent to the termination of the merger agreement;

if a governmental entity has denied the approval of the merger;

if the merger has not been completed by September 30, 2018 (which we refer to as the termination date), provided that the terminating party is not then in material breach of its representation, warranty or agreement in the merger agreement; or

if the other party has breached any material representation, warranty or agreement in the merger agreement and such breach cannot be or is not cured within 30 days of receiving written notice of such breach, provided that the terminating party is not then in material breach of its representations or obligations under the merger agreement.

Guaranty may terminate the merger agreement in various other circumstances, including the following:

if Westbound fails to demonstrate correction of certain environmental violations or conditions within 30 days of receiving written notice of such violations or conditions, which such notice must be delivered to Westbound on or before the 60th day after the date of the merger agreement (i.e., March 28, 2018);

if the Westbound Board (i) changes, withdraws or fails to make a recommendation in this proxy statement/prospectus that the shareholders of Westbound approve the Westbound merger proposal, or withdraws, modifies or qualifies such recommendation in a manner adverse to Guaranty, or resolves to do so, (ii) recommends or endorses a Superior Proposal (as such term is defined in the merger agreement), or (iii) breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or calling a meeting of its shareholders and recommending that they approve the Westbound merger proposal, in any material respect; or

- if Westbound has failed to obtain the approval by at least two-thirds of the outstanding shares of Westbound common stock and two-thirds of the outstanding shares of Westbound preferred stock, with each class of shares voting as a separate class, of the Westbound merger proposal at the duly convened Westbound special meeting or any adjournment or postponement thereof at which a vote on the approval of the Westbound merger proposal was taken.

Westbound may terminate the merger agreement in various other circumstances, including the following:

- if prior to the approval of the Westbound merger proposal by Westbound s shareholders by the necessary shareholder vote, Westbound has effected a change of recommendation with respect to a Superior Proposal and has complied in all material respects with certain obligations, including with respect to the non-solicitation of acquisition proposals; or

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if (i) the Guaranty determination date stock price is less than $25.14; and (ii) (A) the ratio of the Guaranty determination date stock price to $31.43 is less than (B) the ratio of the average of the daily closing value of the financial institutions with the following trading symbols, ABTX, CADE, CFR, FFIN, GNBC, HTH, IBTX, IBOC, LTXB, PB, SBSI, TCBI and VBTX (which we refer to as the Index) during the same time period used to calculate the Guaranty determination date stock price, to the average closing value of the Index on the trading day immediately prior to the date of the merger agreement, after subtracting 0.15 from the ratio in clause (B), unless Guaranty agrees in writing to increase (i) the number of shares in the aggregate stock consideration from 900,000 and/or (ii) the aggregate cash consideration, such that the aggregate merger consideration is equal to $30,456,050 (valuing the aggregate stock consideration based on the Guaranty determination date stock price).

For more information on this basis of termination, see The Merger Agreement Termination of the Merger Agreement beginning on page 104.

Termination Fee (page 106)

If the merger agreement is terminated under certain circumstances, including circumstances involving an alternative acquisition proposal and changes in the recommendation of the Westbound Board, Westbound may be required to pay to Guaranty a termination fee equal to $1,515,000. This termination fee could discourage other companies from seeking to acquire or merge with Westbound. Termination fees are discussed in more detail in the section of this proxy statement/prospectus entitled The Merger Agreement Termination Fee beginning on page 106.

Regulatory Approvals Required for the Merger (page 81)

Subject to the terms of the merger agreement, Guaranty has agreed, with the cooperation of Westbound, to use its commercially reasonable best efforts to obtain all regulatory approvals necessary or advisable to complete the transactions contemplated by the merger agreement. These approvals include, but are not limited to, approval of the merger by the Office of the Comptroller of the Currency (which we refer to as the OCC). Guaranty and Westbound have submitted applications and notifications to obtain regulatory approvals from, or provide prior notice to, each required governmental authority. On March 27, 2018, Guaranty received regulatory approval for the merger from the OCC.

For more information, see The Merger Regulatory Approvals Required for the Merger beginning on page 81.

The Rights of Westbound Shareholders Will Change as a Result of the Merger (page 113)

The rights of Westbound shareholders will change as a result of the merger due to differences in Guaranty s and Westbound s governing documents. See Comparison of Shareholders Rights beginning on page 113 for a description of the material differences in shareholders rights under each of the Guaranty and Westbound governing documents.

Risk Factors (page 22)

You should consider all the information contained in this proxy statement/prospectus in deciding how to vote for the proposals presented in this proxy statement/prospectus. In particular, you should consider the factors described under the section of this proxy statement/prospectus entitled Risk Factors beginning on page 22.

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SELECTED HISTORICAL FINANCIAL DATA

Guaranty

The following tables set forth certain of Guaranty s summary historical consolidated financial information for each of the periods indicated. The historical information as of and for the years ended December 31, 2017 and 2016 has been derived from Guaranty s audited consolidated financial statements included elsewhere in this proxy statement/prospectus, and the selected historical consolidated financial information as of and for the years ended December 31, 2015, 2014 and 2013 has been derived from Guaranty s audited consolidated financial statements not appearing in this proxy statement/prospectus. The historical results set forth below are not necessarily indicative of Guaranty s future performance.

You should read the following together with the section entitled Guaranty Management s Discussion and Analysis of Financial Condition and Results of Operations, beginning on page 130, and Guaranty s audited consolidated financial statements and the related notes included elsewhere in this proxy statement/prospectus.

(Dollars in Thousands, except Per Share Amounts)

	As of December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
Selected Period End Balance Sheet Data:					
Total assets	$ 1,962,624	$ 1,828,336	$ 1,682,640	$ 1,334,068	$ 1,246,451
Cash and cash equivalents	91,428	127,543	111,379	105,662	81,462
Securities available for sale	232,372	156,925	272,944	227,022	246,395
Securities held to maturity	174,684	189,371	125,031	131,068	140,571
Loans held for sale	1,896	2,563	3,867	3,915	7,118
Loans held for investment	1,359,544	1,243,925	1,067,377	786,519	697,404
Allowance for loan losses	12,859	11,484	9,263	7,721	7,093
Goodwill	18,742	18,742	18,601	6,116	6,436
Core deposit intangibles, net	2,724	3,308	3,846	2,881	3,310
Noninterest-bearing deposits	410,009	358,752	325,556	250,242	213,703
Interest-bearing deposits	1,266,311	1,218,039	1,140,641	826,550	788,110
Total deposits	1,676,320	1,576,791	1,466,197	1,076,792	1,001,813
Federal Home Loan Bank advances	45,153	55,170	21,342	111,539	111,728
Subordinated debentures	13,810	19,310	21,310	9,155	11,155
Other debt		18,286	18,000	11,000	14,000
KSOP-owned shares		31,661	35,384	36,300	30,938
Total shareholders equity less KSOP-owned shares	207,345	110,253	102,352	75,989	66,157
Pro forma total shareholders equity(1)	207,345	141,914	137,736	112,289	97,095

	As of and for the Years Ended December 31,				
	2017	2016	2015	2014	2013
Selected Income Statement Data:					
Net interest income	$ 59,630	$ 53,840	$ 47,759	$ 39,123	$ 35,368
Provision for loan losses	2,850	3,640	2,175	1,322	1,745
Net interest income after provision for loan losses	56,780	50,200	45,584	37,801	33,623
Noninterest income	14,279	13,016	11,483	10,792	11,562
Noninterest expense	48,382	46,380	42,594	34,854	31,400
Net realized gain (loss) on sale of securities	167	82	77	(212)	578
Income before income tax	22,677	16,836	14,473	13,739	13,785
Income tax (benefit) expense(2)	8,238	4,715	4,362	4,023	(3,573)
Net earnings	14,439	12,121	10,111	9,716	17,358
Dividends paid to common shareholders(2)	5,562	4,615	4,526	11,863	3,453

	As of and for the Years Ended December 31,				
	2017	2016	2015	2014	2013
Per Share Data:					
Earnings per common share, basic(3)	$ 1.41	$ 1.35	$ 1.15	$ 1.25	$ 2.40
Earnings per common share, diluted(3)	1.40	1.35	1.15	1.25	2.40
Book value per common share(4)	18.75	16.22	15.47	14.01	13.17
Tangible book value per common share(4)(5)	16.81	13.70	12.95	12.89	11.84
Weighted average common shares outstanding, basic, in thousands(6)	10,231,000	8,968,000	8,796,000	7,771,000	7,241,000
Weighted average common shares outstanding, diluted, in thousands(6)	10,313,000	8,976,000	8,802,000	7,771,000	7,243,000

	As of and for the Years Ended December 31,				
	2017	2016	2015	2014	2013 (pro forma)
Pro Forma Information as if a C Corporation:					
Income before income taxes	$ 22,677	$ 16,836	$ 14,473	$ 13,739	$ 13,785
Income tax provision	8,238	4,715	4,362	4,023	4,009
Pretax pre-provision and pre-securities gain (loss)	25,360	20,394	16,571	15,273	14,952
Net earnings	14,439	12,121	10,111	9,716	9,776
Basic earnings per share(3)	1.41	1.35	1.15	1.25	1.35
Diluted earnings per share(3)	1.40	1.35	1.15	1.25	1.35

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	As of December 31,				
	2017	2016	2015	2014	2013
Summary Performance Ratios:					
Return on average assets(7)(8)	0.76%	0.68%	0.65%	0.76%	1.47%
Return on average equity(7)(8)	7.78	8.34	7.44	8.69	17.98
Net interest margin(9)	3.38	3.27	3.33	3.33	3.23
Efficiency ratio(10)	65.61	69.46	71.99	69.53	67.74
Loans to deposits ratio(11)	81.10	78.89	72.80	73.04	69.61
Noninterest income to average assets(7)	0.75	0.73	0.74	0.85	0.98
Noninterest expense to average assets(7)	2.55	2.61	2.75	2.74	2.67
Summary Credit Quality Ratios:					
Nonperforming assets to total assets	0.44%	0.53%	0.25%	0.37%	0.71%
Nonperforming loans to total loans(11)	0.29	0.35	0.23	0.52	1.04
Allowance for loan losses to nonperforming loans	321.15	260.47	381.04	189.38	98.06
Allowance for loan losses to total loans(11)	0.95	0.92	0.87	0.98	1.02
Net charge-offs to average loans outstanding(12)	0.11	0.12	0.06	0.09	0.15
Capital Ratios:					
Total shareholders equity to total assets	10.56%	7.76%	8.19%	8.42%	7.79%
Tangible common equity to tangible assets(13)	9.58	6.64	6.94	7.80	7.06
Common equity tier 1 capital (CET1) to risk-weighted assets	12.61	9.28	10.43	n/a	n/a
Tier 1 capital to average assets(7)	10.53	7.71	8.33	9.05	8.80
Tier 1 capital to risk-weighted assets	13.29	10.03	11.30	13.65	13.30
Total capital to risk-weighted assets	14.13	10.86	12.08	14.57	14.22

(1) In accordance with provisions of the Code applicable to private companies, prior to Guaranty s listing on NASDAQ, the terms of Guaranty s KSOP provided that KSOP participants had the right, for a specified period of time, to require Guaranty to repurchase shares of Guaranty common stock that are distributed to them by the KSOP. As a result, for the periods prior to Guaranty s listing on NASDAQ, the shares of common stock held by the KSOP are deducted from shareholders equity in Guaranty s consolidated balance sheet. This repurchase right terminated upon the listing of Guaranty common stock on NASDAQ on May 9, 2017.

(2) Effective January 1, 2008, Guaranty made an election (a Subchapter S election) to be taxed for federal income tax purposes as a Subchapter S corporation under the provisions of Sections 1361 through 1379 of the Code (an S corporation). Guaranty terminated Guaranty s election to be taxed as an S corporation effective December 31, 2013. As a result, for the taxable periods applicable to the years ended December 31, 2008 through December 31, 2013, Guaranty s net income was not subject to, and Guaranty did not pay, U.S. federal income taxes, and no provision or liability for federal or state income tax has been included in Guaranty s audited consolidated financial statements for the year ended December 31, 2013, except as presented on a pro forma basis in Guaranty s audited consolidated financial statements for the year ended December 31, 2013. Additionally, distributions made to Guaranty s shareholders in respect of their federal income tax liability of $10.2 million in 2013 are not considered dividends paid to common shareholders. Despite the termination of Guaranty s Subchapter S election, Guaranty paid dividends of $0.50 per share and a special dividend of $1.00 per share for the year ended December 31, 2014, since all dividends Guaranty pays for the first 12 months following the termination of Guaranty s Subchapter S election were not subject to federal income taxation. See Management s Discussion and Analysis of Financial Condition and Results of Operations Termination of S Corporation Status beginning on page 131.

(3) Basic and diluted earnings per share for the year ended December 31, 2013 are currently based on income before taxes due to Guaranty s conversion from an S corporation to a C corporation, effective December 31, 2013. However, unaudited pro forma information is presented as if a C corporation for all periods under the heading Unaudited Pro Forma Information as if a C Corporation.
(4) Book value per common share and tangible book value per common share calculations reflect Guaranty s pro forma total shareholders equity.
(5) Guaranty calculates tangible book value per common share as total shareholders equity less goodwill, core deposit intangibles and other intangible assets, net of accumulated amortization at the end of the relevant period, divided by the outstanding number of shares of Guaranty common stock at the end of the relevant period. Tangible book value per common share is a financial measure that is not recognized by, or calculated in accordance with, U.S. generally accepted accounting principles, or GAAP, and, as Guaranty calculates tangible book value per common share, the most directly comparable GAAP financial measure is total shareholders equity per common share. See Guaranty s reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures.
(6) Weighted average common shares outstanding as of December 31, 2013 have been adjusted to reflect the 2-for-1 stock split Guaranty completed on August 20, 2014.
(7) Guaranty calculates Guaranty s average assets and average equity for a period by dividing the period end balances of Guaranty s total assets or total shareholders equity, as the case may be, by the number of months in the period.
(8) Guaranty has calculated Guaranty s return on average assets and return on average equity for a period by dividing net earnings for that period by Guaranty s average assets and average equity, as the case may be, for that period.
(9) Net interest margin represents net interest income divided by average interest-earning assets.
(10) The efficiency ratio was calculated by dividing total noninterest expenses by net interest income plus noninterest income, excluding securities losses or gains. Taxes are not part of this calculation.
(11) Excludes loans held for sale of \$1.9 million, \$2.6 million, \$3.9 million, \$3.9 million, and \$7.1 million for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.
(12) Includes average outstanding balances of loans held for sale of \$1.7 million, \$3.0 million, \$4.4 million, \$4.2 million, and \$6.3 million for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.
(13) Guaranty calculates tangible common equity as total shareholders equity less goodwill, core deposit intangibles and other intangible assets, net of accumulated amortization, and Guaranty calculates tangible assets as total assets less goodwill and core deposit intangibles and other intangible assets, net of accumulated amortization. Tangible common equity to tangible assets is a financial measure that is not recognized by or calculated in accordance with GAAP, or a non-GAAP financial measure, and, as Guaranty calculates tangible common equity to tangible assets, the most directly comparable GAAP financial measure is total shareholders equity to total assets. See Guaranty s reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures.

Westbound

The following selected historical financial information of Westbound as of and for the twelve months ended December 31, 2017, has been derived from Westbound s unaudited financial statements, which Westbound s management believes reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its financial position and results of operations as of and for the periods ended on such dates, regulatory filings made by Westbound, and from other information provided by Westbound. The following selected historical financial information of Westbound as of and for each of the five years ended December 31, 2016, has been derived from Westbound s audited financial statements, regulatory filings made by Westbound,

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and from other information provided by Westbound. You should read the following selected financial information relating to Westbound in conjunction with other information appearing elsewhere in this prospectus.

	As of and for the Year Ended December 31,	As of and for the Years Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**	**2012**
(dollars in thousands except per share)	(unaudited)					
Selected Income Statement Data						
Interest income	$ 9,035	$ 7,112	$ 6,078	$ 4,815	$ 5,380	$ 5,287
Interest expense	1,525	988	757	711	791	1,045
Net interest income	7,510	6,124	5,321	4,104	4,589	4,242
Provision for loan losses	460	47		(248)	(752)	(408)
Net interest income after provision for loan losses	7,050	6,077	5,321	4,352	5,341	4,650
Noninterest income	2,616	2,180	2,541	2,575	1,258	2,915
Noninterest expense	7,038	6,453	6,593	5,688	5,481	6,143
Income tax expense (benefit)	1,368	495	349	(1,171)		
Net Income	**$ 1,260**	**$ 1,309**	**$ 920**	**$ 2,410**	**$ 1,118**	**$ 1,422**
Per Share Data (Common and Preferred Stock)						
Earnings:						
Basic[(1)]	$ 0.56	$ 0.58	$ 0.41	$ 0.97	$ 0.45	$ 0.57
Diluted	$ 0.50	$ 0.51	$ 0.36	$ 0.88	$ 0.41	$ 0.52
Book value[(2)]	$ 10.87	$ 10.10	$ 9.84	$ 9.61	$ 8.64	$ 8.27
Selected Balance Sheet Data						
Total assets	$ 228,124	$ 193,761	$ 162,393	$ 144,054	$ 136,696	$ 129,220
Cash and cash equivalents	34,459	12,877	10,008	18,720	43,096	9,846
Securities available for sale	16,094	23,991	20,634	17,100	117	22,552
Total loans (gross)	160,316	138,853	112,628	85,888	77,743	80,528
Allowance for loan losses	1,953	1,765	1,693	1,618	1,247	1,483
Other real estate owned			60	229	1,329	3,959
	39,942	36,566	34,384	25,695	22,486	19,280

Noninterest-bearing deposits						
Interest-bearing deposits	148,185	123,277	99,548	93,189	91,868	88,589
FHLB advances	13,500	10,000	5,000			
Total shareholders equity	24,445	22,710	22,246	23,912	21,476	20,577
Selected Performance Metrics[3]						
Return on average assets[4]	0.60%	0.75%	0.59%	1.69%	0.83%	1.01%
Return on average equity[4]	5.27%	5.76%	3.86%	10.62%	5.35%	7.30%
Net interest margin[5]	4.05%	4.11%	3.98%	3.36%	4.02%	3.65%
Efficiency ratio[6]	69%	76%	83%	84%	88%	85%
Credit Quality Ratios						
Nonperforming assets to total assets	0.00%	0.00%	0.04%	0.16%	0.97%	5.13%
Nonperforming loans to total loans[7]	0.00%	0.00%	0.00%	0.00%	0.00%	3.31%
Allowance for loan losses to nonperforming loans[7]	n/a	n/a	n/a	n/a	n/a	55.61%
Allowance for loan losses to total loans	1.22%	1.27%	1.50%	1.88%	1.60%	1.84%
Net charge-offs to average loans outstanding	0.18%	(0.02)%	(0.07)%	(0.82)%	(0.62)%	0.97%
Capital Ratios						
Common equity Tier 1 capital to risk-weighted assets	12.8%	12.8%	14.0%	n/a	n/a	n/a
Tier 1 capital to average assets	10.8%	12.3%	13.6%	15.4%	15.5%	14.5%
Ter 1 capital to risk-weighted assets[8]	13.6%	13.6%	14.9%	20.3%	22.3%	19.2%
Total capital to risk-weighted assets[8]	14.6%	14.7%	16.0%	21.6%	23.5%	20.5%
Tangible equity to total assets	10.1%	11.2%	13.0%	15.8%	14.8%	14.9%
Share Data						
Shares outstanding basic	2,247,952	2,247,952	2,260,381	2,487,961	2,486,961	2,486,961
	293,800	307,400	320,100	245,000	231,500	241,000

Shares outstanding diluted

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(1) Westbound calculates its diluted earnings per share for each period shown as its net income divided by the number of its common shares outstanding during the relevant period adjusted for the dilutive effect of outstanding options to purchase shares of its common stock. Earnings per share on a basic and diluted basis were calculated using the outstanding share amounts reflected in the table above under the heading Share Data.

(2) Book value per share equals Westbound s total shareholders equity as of the date presented divided by the number of Bank s total shares outstanding as of the date presented. The number of Bank total shares outstanding (common and preferred combined) as of December 31, 2017 was 2,247,952 , and as of December 31, 2016, 2015, 2014, 2013 and 2012 was 2,247,952 shares, 2,260,381 shares, 2,487,961 shares, 2,486,961 shares and 2,486,961 shares, respectively.

(3) The values for the selected performance metrics presented for the twelve months ended December 31, 2017 and 2016, are annualized.

(4) Westbound has calculated its return on average assets and return on average equity for a period by dividing net income for that period by its average assets and average equity, as the case may be, for that period. Westbound calculates its average assets and average equity for a period by dividing the sum of its total asset balance or total shareholder s equity balance, as the case may be, as of the close of business on each day in the relevant period and dividing by the number of days in the period.

(5) Net interest margin for a period represents net interest income for that period divided by average interest-earning assets for that period.

(6) Efficiency ratio for a period represents noninterest expenses for that period divided by the sum of net interest income and noninterest income for that period, excluding realized gains or losses from sales of investment securities for that period.

(7) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest, and accruing loans modified under troubled debt restructurings.

(8) Westbound calculates its risk-weighted assets using the standardized method of the Basel III Framework, as implemented by the FDIC.

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RISK FACTORS

In addition to general investment risks and the other information contained in this proxy statement/prospectus, including the matters addressed under the section of this proxy statement/prospectus entitled Special Cautionary Note Regarding Forward-Looking Statements, beginning on page 56, you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this proxy statement/prospectus. You should also consider the other information in this proxy statement/prospectus.

Risks Relating to the Merger

The merger may not be consummated unless important conditions are satisfied.

Guaranty and Westbound expect the merger to close during the second quarter of 2018, but the acquisition is subject to a number of closing conditions. Satisfaction of many of these conditions is beyond the control of Guaranty and Westbound. If these conditions are not satisfied or waived, the merger will not be completed or may be delayed and each of Guaranty and Westbound may lose some or all of the intended benefits of the merger. Certain of the conditions that remain to be satisfied include, but are not limited to:

- the continued accuracy of the representations and warranties made by the parties in the merger agreement;
- the performance by each party of its respective obligations under the merger agreement;
- the receipt of required regulatory approvals, including the approval of the OCC;
- the absence of any injunction, order or decree restraining, enjoining or otherwise prohibiting the merger;
- the absence of any Material Adverse Change with respect to Guaranty and GBT and to Westbound;
- receipt by Guaranty and Westbound from their respective tax counsel of a federal tax opinion that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;
- the effectiveness of the registration statement covering the shares of Guaranty common stock that are expected to be issued to Westbound shareholders as a portion of the consideration for the merger; and
- the approval by Westbound s shareholders of the merger agreement and the merger.

As a result of the aforementioned conditions, the merger may not close as scheduled, or at all. For additional information regarding the conditions to the merger, see The Merger Agreement Conditions to Complete the Merger beginning on page 102. In addition, either Guaranty or Westbound may terminate the merger agreement under certain circumstances. For additional information regarding the circumstances in which the merger agreement may be terminated, see The Merger Agreement Termination of the Merger Agreement beginning on page 104.

Because the market price of Guaranty common stock will fluctuate, Westbound shareholders will not know the value of the per share merger consideration received in the merger until the effective time.

If the merger is completed, each holder of Westbound stock will receive their proportional share of the aggregate merger consideration, which consists of (i) 900,000 shares of Guaranty common stock (subject to adjustment in certain circumstances as specified in the merger agreement), and (ii) $6,417,050, net of the aggregate option consideration, in cash (subject to adjustment in certain circumstances as specified in the merger agreement). The market value of the equity portion of the aggregate merger consideration will fluctuate from the closing price of Guaranty common stock on the date Guaranty and Westbound announced the merger, the date that this proxy statement/prospectus is mailed to the shareholders of Westbound, the date of the Westbound special meeting and the date the merger is completed and thereafter. Any change in the market price of Guaranty common stock prior to the completion of the merger will affect the market value of the aggregate stock consideration that Westbound shareholders will be entitled to receive upon completion of the merger. Stock price changes may result from a variety of factors that are beyond the control of Guaranty, including, but not limited to, general market and economic conditions, changes in Guaranty s business, operations and prospects and regulatory considerations. Therefore, at the time of the special meeting, shareholders will not know the precise market value of the aggregate merger consideration shareholders will be entitled to receive at the effective time. You should obtain current market quotations for shares of Guaranty common stock. There are no current market quotations for Westbound stock because Westbound is a privately owned corporation and its capital stock is not traded on any established public trading market.

Up to $2.0 million of the aggregate shareholder cash consideration may be held in escrow for up to 3 years following the closing and may not be distributed to the Westbound shareholders.

At the closing of the merger, Guaranty, GBT and Westbound will enter into an escrow agreement pursuant to which the escrowed funds will be held back by Guaranty for up to three years following the closing. The escrowed funds may not be paid, or be only partially paid, to Westbound shareholders if GBT suffers or incurs any losses in connection with the loans subject to the escrow agreement. A claim against the escrowed funds may reduce the aggregate shareholder cash consideration distributed to the Westbound shareholders in connection with the merger. For further information on the escrow holdback, see The Merger Agreement Structure of the Merger Escrow Holdback beginning on page 85.

If the merger is not consummated by September 30, 2018, either Guaranty or Westbound may choose not to proceed with the merger.

Either Guaranty or Westbound may terminate the merger agreement if the merger has not been completed by September 30, 2018, unless the failure of the merger to be completed has resulted from the material failure of the party seeking to terminate the merger agreement to perform its obligations, among other limited reasons.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that Guaranty does not anticipate or cannot be met.

Before the merger may be completed, various approvals or waivers must be obtained from bank regulatory authorities, including the OCC. The bank regulatory authorities may impose conditions on the completion of, or require changes to the terms of, the merger. Such conditions or changes and the process of obtaining regulatory approvals or waivers, including any public protests of any regulatory applications, could have the effect of delaying completion of the merger or of imposing additional costs or limitations on Guaranty following the completion of the merger. The regulatory approvals or waivers may not be received at all, may not be received in a timely fashion or may contain conditions on the completion of the merger that are burdensome, not anticipated or cannot be met. If the completion of the merger is delayed, including by a delay in receipt of necessary governmental approvals or waivers, the business, financial condition and results of operations of Guaranty and Westbound may also be materially adversely affected.

Guaranty may be unsuccessful in integrating the operations of the businesses it has acquired or expects to acquire in the future, including Westbound.

From time to time, Guaranty evaluates and acquires businesses that it believes complement its existing business. The acquisition component of Guaranty s growth strategy depends on the successful integration of these acquisitions. Guaranty faces numerous risks and challenges to the successful integration of acquired businesses, including the following:

the potential for unexpected costs, delays and challenges that may arise in integrating acquisitions into Guaranty s existing business;

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limitations on Guaranty s ability to realize the expected cost savings and synergies from an acquisition;

challenges related to integrating acquired operations, including Guaranty s ability to retain key employees and maintain relationships with significant customers and depositors;

challenges related to the integration of businesses that operate in new geographic areas, including difficulties in identifying and gaining access to customers in new markets; and

discovery of previously unknown liabilities following an acquisition associated with the acquired business.

If Guaranty is unable to successfully integrate the businesses it acquires, Guaranty s business, financial condition and results of operations may be materially adversely affected.

The merger could result in unexpected disruptions on the combined business.

In response to the announcement of the merger, Westbound s customers may cease or reduce their business with Westbound, which could negatively affect Guaranty s and Westbound s combined business operations. Similarly, current or prospective employees of Guaranty or Westbound may experience uncertainty about their future roles with the combined entity. This may adversely affect Guaranty s or Westbound s ability to attract and retain key management, banking and other personnel. In addition, the diversion of the attention of Guaranty s and Westbound s respective management teams away from day-to-day operations during the negotiation and pendency of the merger could have an adverse effect on the financial condition and operating results of either Guaranty or Westbound.

Guaranty may fail to realize some or all of the anticipated benefits of the merger.

The success of the merger will depend, in part, on Guaranty s ability to realize the anticipated benefits and cost savings from combining its business with Westbound s business. However, to realize these anticipated benefits and cost savings, Guaranty must successfully combine both businesses. If Guaranty is unable to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully, or at all, or may take longer to realize than Guaranty expects.

Guaranty will incur significant transaction and merger-related integration costs in connection with the merger.

Guaranty expects to incur significant costs associated with completing the merger and integrating Westbound s operations into Guaranty s operations and is continuing to assess the impact of these costs. Although Guaranty believes that the elimination of duplicate costs, as well as the realization of other efficiencies related to the integration of Westbound s business with Guaranty s business, will offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Westbound s officers and directors have interests in the merger in addition to or different from the interests that they share with you as a Westbound shareholder.

Some of Westbound s executive officers participated in negotiations of the merger agreement with Guaranty, and the Westbound Board approved the merger agreement and is recommending that the Westbound shareholders vote to approve the Westbound merger proposal. In considering these facts and the other information included in this proxy statement/prospectus, you should be aware that certain of Westbound s executive officers and directors have economic interests in the merger that are different from or in addition to the interests that they share with you as a Westbound shareholder. For further discussion of the interests of Westbound s directors and officers in the merger, see The Merger Interests of Westbound s Directors and Executive Officers in the Merger beginning on page 75.

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The merger may be completed on different terms from those contained in the merger agreement.

Prior to the completion of the merger, Guaranty and Westbound may, by mutual agreement, amend or alter the terms of the merger agreement, including with respect to, among other things, the consideration payable by Guaranty to Westbound s shareholders or any covenants or agreements with respect to the parties respective operations during the pendency thereof. Any such amendments or alterations may have negative consequences to Guaranty, Westbound, or both.

Westbound shareholders will experience a reduction in percentage ownership and voting power of their shares as a result of the merger and will have less influence on the management and policies of Guaranty than they had on Westbound before the merger.

Westbound shareholders will have a much smaller percentage ownership interest and effective voting power in Guaranty compared to their ownership interest and voting power in Westbound prior to the merger. Consequently, Westbound shareholders will have significantly less influence on the management and policies of Guaranty after the merger than they now have on the management and policies of Westbound. In addition, under the merger agreement, no individuals from the Westbound Board will become directors of Guaranty following the effective time. If the merger is consummated, current Westbound shareholders will own approximately [ ]% of the [ ] shares of Guaranty common stock expected to be outstanding immediately after completion of the merger. Accordingly, former Westbound shareholders will own less than a majority of the outstanding voting stock of the combined company and would, as a result, be outvoted by current Guaranty shareholders if such current Guaranty shareholders voted together as a group.

The merger may fail to qualify as a reorganization under the Internal Revenue Code.

The merger has been structured to qualify as a reorganization under Section 368(a) of the Code. The closing of the merger is conditioned upon the receipt by each of Guaranty and Westbound of an opinion of its respective tax advisor, each dated as of the closing date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of Guaranty and Westbound) which are consistent with the state of facts existing as of the closing date, the merger constitutes a reorganization under Section 368(a) of the Code. The tax opinions to be delivered in connection with the merger will not be binding on the Internal Revenue Service (which we refer to as the IRS) or the courts, and neither Guaranty nor Westbound intends to request a ruling from the IRS with respect to the United States federal income tax consequences of the merger.

If the merger fails to qualify as a reorganization under Section 368(a) of the Code, a Westbound shareholder would likely recognize gain or loss on the amount equal to the difference between (i) the fair market value of the Guaranty common stock and cash consideration received as a result of the merger and (ii) the shareholder s adjusted tax basis in the Westbound shares surrendered.

For further information, please see Material U.S. Federal Income Tax Consequences of the Merger beginning on page 108. **The U.S. federal income tax consequences described above may not apply to all holders of Westbound stock. Your tax consequences will depend on your individual situation. Accordingly, Guaranty and Westbound strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.**

The merger agreement limits Westbound s ability to pursue alternatives to the merger.

The merger agreement contains provisions that limit Westbound s ability to discuss competing third-party proposals to acquire all or a significant part of Westbound. In addition, Westbound has agreed to pay Guaranty a termination fee of $1,515,000 if the transaction is terminated because Westbound decides to enter into or close another acquisition transaction. These provisions might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Westbound from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share price than that proposed in the merger, or might result in a potential competing acquirer proposing to pay a lower per share price to acquire Westbound than it might otherwise have proposed to pay.

The fairness opinion received by the Westbound Board prior to the signing of the merger agreement has not been and will not be updated to reflect changes in circumstances since the signing of the merger agreement.

The opinion rendered by BAG, financial advisor to Westbound, on January 26, 2018, is based upon information available to BAG as of such date. The opinion has not been updated to reflect changes that may occur or may have occurred after the date on which it was delivered, including changes to the operations and prospects of Guaranty or Westbound, changes in general market and economic conditions, or other changes. Any such changes may alter the relative value of Guaranty or Westbound or the prices of shares of Guaranty common stock or Westbound stock by the time the merger is completed. The opinion does not speak as of the date the merger will be completed or as of any date other than the date of such opinion. For a description of the opinion that Westbound received from its financial advisor, please see The Merger Opinion of Westbound s Financial Advisor, beginning on page 66.

Guaranty may not be able to implement aspects of its growth strategy or new bank office facilities and other facilities may not be profitable.

Guaranty s growth strategy contemplates the future expansion of its business and operations both organically and through acquisitions across the State of Texas. Implementing these aspects of its growth strategy depends, in part, on Guaranty s ability to successfully identify acquisition opportunities and strategic partners that will complement its operating philosophy and to successfully integrate their operations with Guaranty s operations, as well as to generate loans and deposits within acceptable risk and expense tolerances. To successfully acquire or establish banks or banking offices, Guaranty must be able to correctly identify profitable or growing markets, as well as attract the necessary relationships and high caliber banking personnel to make these new banking offices profitable. In addition, Guaranty may not be able to identify suitable opportunities for further growth and expansion or, if it does, Guaranty may not be able to successfully integrate these new operations into its business.

As consolidation of the financial services industry continues, the competition for suitable acquisition candidates may increase. Guaranty will compete with other financial services companies for acquisition opportunities, and many of these competitors have greater financial resources than Guaranty does and may be able to pay more for an acquisition than Guaranty is able or willing to pay.

Guaranty can offer no assurance that it will have opportunities to acquire other financial institutions, or that it will complete the merger, or acquire or establish any new branches or mortgage offices, or that it will be able to negotiate, finance and complete any opportunities available to it.

Additionally, Guaranty may not be able to organically expand into new markets that are profitable for its franchise. The costs to start up new bank branches and loan production offices in new markets and the additional costs to operate these facilities would increase Guaranty s non-interest expense and may decrease its earnings. It may be difficult to adequately and profitably manage Guaranty s growth through the establishment of bank branches and loan production offices in new markets. In addition, Guaranty can provide no assurance that its expansion into any such new markets will successfully attract enough new business to offset the expenses of their operation. If Guaranty is not able to do so, its earnings and stock price may be negatively impacted.

The success of Guaranty s growth strategy depends on its ability to identify and retain individuals with experience and relationships in the markets in which Guaranty intends to expand.

Guaranty s growth strategy contemplates that it will expand its business and operations to other markets, including Houston, Austin, and Fort Worth. Guaranty intends to primarily target market areas that it believes

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possess attractive demographic, economic or competitive characteristics. To successfully expand into new markets, Guaranty must identify and retain experienced key management members with local expertise and relationships in these markets. Competition for qualified personnel in the markets in which Guaranty may expand may be intense, and there may be a limited number of qualified persons with knowledge of and experience in the commercial banking industry in these markets. Even if Guaranty identifies individuals that it believes could assist it in establishing a presence in a new market, Guaranty may be unable to recruit these individuals away from other banks or may be unable to do so at a reasonable cost. In addition, the process of identifying and recruiting individuals with the combination of skills and attributes required to carry out Guaranty s strategy is often lengthy. Guaranty s inability to identify, recruit and retain talented personnel to manage new offices effectively would limit its growth and could materially adversely affect its business, financial condition, results of operations and stock price.

Guaranty may have exposure to tax liabilities that are larger than it anticipates.

The tax laws applicable to Guaranty s business activities, including the laws of the United States, Texas and other jurisdictions, are subject to interpretation and may change over time. From time to time, legislative initiatives, such as proposals for fundamental federal tax reform and corporate tax rate changes, which may impact Guaranty s effective tax rate and could adversely affect its tax positions or liabilities, may be enacted. In particular, the 2017 Tax Cuts and Jobs Act (discussed further below) enacts sweeping changes to corporate tax reform that may impact Guaranty s business.

The taxing authorities in the jurisdictions in which Guaranty operates may challenge its tax positions or those of Westbound prior to the consummation of the merger, which could increase Guaranty s effective tax rate and harm its financial position and results of operations. In addition, Guaranty s future income taxes could be adversely affected by changes in tax laws, regulations or accounting principles. Guaranty is subject to audit and review by U.S. federal and state tax authorities. Any adverse outcome of such a review or audit could have a negative effect on Guaranty s financial position and results of operations. In addition, the determination of Guaranty s provision for income taxes and other liabilities requires significant judgment by management. Although Guaranty believes that its estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in Guaranty s financial statements and could have a material adverse effect on Guaranty s financial results in the period or periods for which such determination is made.

Westbound is highly dependent on its key personnel and customer relationships.

Westbound s operating results are highly dependent on, among other factors, the services, managerial abilities, performance and customer relationships with its current executive officers and other key personnel. Westbound has an experienced management team that Guaranty believes is capable of managing and growing the combined business post-merger. Losses of or changes in Westbound s current executive officers or other key personnel and their responsibilities may disrupt Guaranty s business and could adversely affect its financial condition, results of operations and liquidity. There can be no assurance that Guaranty will be successful in retaining Westbound s current executive officers or other key personnel.

Hurricanes or other adverse weather events in Texas can have an adverse impact on Westbound s business, financial condition and operations.

Hurricanes, tropical storms, natural disasters and other adverse weather events can have an adverse impact on Westbound s business, financial condition and operations, cause widespread property damage and significantly depress the local economies in which Guaranty and Westbound operate. The bank operates four branches in the Houston metropolitan area, an area which is susceptible to hurricanes, tropical storms and other natural disasters and adverse weather conditions. For example, in late August 2017, Hurricane Harvey, a Category 4 hurricane, caused extensive and costly damage across Southeast Texas. Most notably, the Houston metropolitan area in Texas received over 40 inches of rainfall, which resulted in catastrophic flooding and unprecedented damage to residences and businesses.

Westbound worked diligently throughout Hurricane Harvey to provide for the safety of its employees and customers, as well as to continue to provide the financial services on which its customers greatly depend. The operational impact to Westbound was not material, and these offices did not incur any significant damage. Westbound continues to evaluate Hurricane Harvey s impact on its customers and its business, including its properties, assets and loan portfolios.

While Guaranty and Westbound do not anticipate that Hurricane Harvey will have significant long-term effects on Westbound s business, financial condition or operations, Guaranty and Westbound are unable to predict with certainty the short- and long-term impact that Hurricane Harvey may have on the local region in which Westbound operates, including the impact on loan and deposit activities and credit exposures. Guaranty and Westbound will continue to monitor the residual effects of Hurricane Harvey on Westbound s business and customers.

Similar future adverse weather events in Texas could potentially result in extensive and costly property damage to businesses and residences, force the relocation of residents and significantly disrupt economic activity in the region. Guaranty and Westbound cannot predict the extent of damage that may result from such adverse weather events, which will depend on a variety of factors that are beyond the control of Guaranty and Westbound, including, but not limited to, the severity and duration of the event, the timing and level of government responsiveness and the pace of economic recovery. If a significant adverse weather event were to occur, it could have a materially adverse impact on Guaranty s and/or Westbound s financial condition, results of operations and business, as well as potentially increase Guaranty s and/or Westbound s exposure to credit and liquidity risks.

Risks Related to Guaranty s Business

Guaranty may not be able to implement aspects of its expansion strategy, which may adversely affect its ability to maintain its historical earnings trends.

Guaranty s expansion strategy focuses on organic growth, supplemented by strategic acquisitions and expansion of GBT s banking location network, or *de novo* branching. Guaranty may not be able to execute on aspects of its expansion strategy, which may impair its ability to sustain its historical rate of growth or prevent Guaranty from growing at all. More specifically, Guaranty may not be able to generate sufficient new loans and deposits within acceptable risk and expense tolerances, obtain the personnel or funding necessary for additional growth or find suitable acquisition candidates. Various factors, such as economic conditions and competition with other financial institutions, may impede or prohibit the growth of Guaranty s operations, the opening of new banking locations and the consummation of acquisitions. Further, Guaranty may be unable to attract and retain experienced bankers, which could adversely affect its growth. The success of Guaranty s strategy also depends on its ability to effectively manage growth, which is dependent upon a number of factors, including Guaranty s ability to adapt its credit, operational, technology and governance infrastructure to accommodate expanded operations. If Guaranty fails to implement one or more aspects of its strategy, Guaranty may be unable to maintain its historical earnings trends, which could have an adverse effect on its business, financial condition and results of operations.

Guaranty may not be able to manage the risks associated with its anticipated growth and expansion through de novo branching.

Guaranty s business strategy includes evaluating strategic opportunities to grow through *de novo* branching, and Guaranty believes that banking location expansion has been meaningful to its growth since inception. *De novo* branching carries with it certain potential risks, including significant startup costs and anticipated initial operating losses; an inability to gain regulatory approval; an inability to secure the services of qualified senior management to operate the *de novo* banking location and successfully integrate and promote Guaranty s corporate culture; poor market reception for *de novo* banking locations established in markets where Guaranty

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does not have a preexisting reputation; challenges posed by local economic conditions; challenges associated with securing attractive locations at a reasonable cost; and the additional strain on management resources and internal systems and controls. Failure to adequately manage the risks associated with Guaranty s anticipated growth through *de novo* branching could have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty may not be able to overcome the integration and other risks associated with acquisitions, which could have an adverse effect on Guaranty s ability to implement its business strategy.

Although Guaranty plans to continue to grow its business organically and through *de novo* branching, Guaranty also intends to pursue acquisition opportunities that it believes complement its activities and have the ability to enhance its profitability and provide attractive risk-adjusted returns. Guaranty s acquisition activities could be material to its business and involve a number of risks, including the following:

- intense competition from other banking organizations and other acquirers for potential merger candidates;
- market pricing for desirable acquisitions resulting in returns that are less attractive than Guaranty has traditionally sought to achieve;
- incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in Guaranty s attention being diverted from the operation of its existing business;
- using inaccurate estimates and judgments to evaluate credit, operations, management and market risks with respect to the target institution or assets;
- potential exposure to unknown or contingent liabilities of banks and businesses Guaranty acquires, including consumer compliance issues;
- the time and expense required to integrate the operations and personnel of the combined businesses;
- experiencing higher operating expenses relative to operating income from the new operations;
- losing key employees and customers;
- reputational issues if the target s management does not align with Guaranty s culture and values;
- significant problems relating to the conversion of the financial and customer data of the target;

integration of acquired customers into Guaranty s financial and customer product systems;

risks of impairment to goodwill; or

regulatory timeframes for review of applications may limit the number and frequency of transactions Guaranty may be able to consummate.

Depending on the condition of any institution or assets or liabilities that Guaranty may acquire, that acquisition may, at least in the near term, adversely affect its capital and earnings and, if not successfully integrated with its organization, may continue to have such effects over a longer period. Guaranty may not be successful in overcoming these risks or any other problems encountered in connection with pending or potential acquisitions, and any acquisition Guaranty may consider will be subject to prior regulatory approval. Guaranty s inability to overcome these risks could have an adverse effect on its ability to implement its business strategy, which, in turn, could have an adverse effect on its business, financial condition and results of operations.

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A key piece of Guaranty s expansion strategy is a focus on decision-making authority at the branch and market level, and Guaranty s business, financial condition, results of operations and prospects could be adversely affected if Guaranty s local teams do not follow Guaranty s internal policies or are negligent in their decision-making.

In order to be able to provide the responsive and individualized customer service that distinguishes Guaranty from competitors and in order to attract and retain management talent, Guaranty empowers its local management teams to make certain business decisions on the local level. Lending authorities are assigned to branch presidents and their banking teams based on their experience, with all loan relationships in excess of internal specified maximums being reviewed by GBT s Directors Loan Committee, comprised of senior management of GBT, or GBT s board of directors, as the case may be. Guaranty s local lenders may not follow Guaranty s internal procedures or otherwise act in Guaranty s best interests with respect to their decision-making. A failure of Guaranty s employees to follow Guaranty s internal policies, or actions taken by Guaranty s employees that are negligent or not in Guaranty s best interests could have an adverse effect on Guaranty s business, financial condition and results of operations.

Difficult market conditions and economic trends have recently and adversely affected the banking industry and could adversely affect Guaranty s business, financial condition and results of operations in the future.

Guaranty is operating in an uncertain economic environment, including generally uncertain conditions nationally and locally in Guaranty s industry and markets. Although economic conditions have improved in recent years, financial institutions continue to be affected by volatility in the real estate market in some parts of the country and uncertain regulatory and interest rate conditions. Guaranty retains direct exposure to the residential and commercial real estate markets in Texas and are affected by these events. In addition, financial institutions in Texas can be affected by volatility with the oil and gas industry and significant decreases in energy prices. Although Guaranty does not have material direct exposure to the oil and gas industry, Guaranty retains some indirect exposure, as some of its customers businesses are directly affected by volatility with the oil and gas industry and energy prices.

Guaranty s ability to assess the creditworthiness of customers and to estimate the losses inherent in its loan portfolio is made more complex by uncertain market and economic conditions. Another national economic downturn or deterioration of conditions in Guaranty s markets could result in losses beyond those that are provided for in its allowance for loan losses and lead to the following consequences:

- increases in loan delinquencies;
- increases in non-performing assets and foreclosures;
- decreases in demand for Guaranty s products and services, which could adversely affect Guaranty s liquidity position; and
- decreases in the value of the collateral securing Guaranty s loans, especially real estate, which could reduce customers borrowing power and repayment ability.

While economic conditions in Texas and the United States have improved in recent years, there can be no assurance that these conditions will continue to improve at a similar rate, or at all, or that an economic downturn will not occur again. Although real estate markets have generally stabilized in portions of the United States, including Texas, a resumption of declines in real estate values, home sales volumes and financial stress on borrowers as a result of the uncertain economic environment, including job losses, could have an adverse effect on Guaranty s borrowers or their customers, which could adversely affect Guaranty s business, financial condition and results of operations. In addition, volatility in the oil and gas industry and relatively low energy prices could have an adverse effect on Guaranty s borrowers or their customers, including declines in real estate values and job losses, which could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty may not be able to adequately measure and limit Guaranty s credit risk, which could lead to unexpected losses.

The business of lending is inherently risky, including risks that the principal of or interest on any loan will not be repaid timely or at all or that the value of any collateral supporting the loan will be insufficient to cover Guaranty s outstanding exposure. These risks may be affected by the strength of the borrower s business sector and local, regional and national market and economic conditions. Many of Guaranty s loans are made to small- to medium-sized businesses that may be less able to withstand competitive, economic and financial pressures than larger borrowers. Guaranty s risk management practices, such as monitoring the concentration of its loans within specific industries and its credit approval practices, may not adequately reduce credit risk, and its credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. A failure to effectively measure and limit the credit risk associated with Guaranty s loan portfolio could lead to unexpected losses and have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty is dependent on the use of data and modeling in Guaranty s management s decision-making, and faulty data or modeling approaches could negatively impact Guaranty s decision-making ability or possibly subject Guaranty to regulatory scrutiny in the future.

The use of statistical and quantitative models and other quantitative analyses is endemic to bank decision-making, and the employment of such analyses is becoming increasingly widespread in Guaranty s operations. Liquidity stress testing, interest rate sensitivity analysis, and the identification of possible violations of anti-money laundering regulations are all examples of areas in which Guaranty is dependent on models and the data that underlies them. The use of statistical and quantitative models is also becoming more prevalent in regulatory compliance. While Guaranty is not currently subject to annual Dodd-Frank Act stress testing, or DFAST, and the Comprehensive Capital Analysis and Review (which we refer to as the CCAR), submissions, Guaranty anticipates that model-derived testing may become more extensively implemented by regulators in the future.

Guaranty anticipates data-based modeling will penetrate further into bank decision-making, particularly risk management efforts, as the capacities developed to meet rigorous stress testing requirements are able to be employed more widely and in differing applications. While Guaranty believes these quantitative techniques and approaches improve its decision-making, they also create the possibility that faulty data or flawed quantitative approaches could negatively impact its decision-making ability or, if Guaranty becomes subject to regulatory stress-testing in the future, adverse regulatory scrutiny. Secondarily, because of the complexity inherent in these approaches, misunderstanding or misuse of their outputs could similarly result in suboptimal decision-making.

The small- to medium-sized businesses that Guaranty lends to may have fewer resources to weather adverse business developments, which may impair Guaranty s borrowers ability to repay loans.

Guaranty focuses its business development and marketing strategy primarily on small- to medium-sized businesses. As of December 31, 2017, Guaranty had approximately $782.4 million of loans to businesses, which represents approximately 57.6% of its total loan portfolio. Small- to medium-sized businesses frequently have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience substantial volatility in operating results, any of which may impair a borrower s ability to repay a loan. In addition, the success of a small- and medium-sized business often depends on the management skills, talents and efforts of a small group of people, and the death, disability or resignation of one or more of these people could have an adverse effect on the business and its ability to repay its loan. If Guaranty s borrowers are unable to repay their loans, Guaranty s business, financial condition and results of operations could be adversely affected.

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Guaranty s commercial real estate and real estate construction loan portfolio exposes it to credit risks that may be greater than the risks related to other types of loans.

As of December 31, 2017, approximately $710.5 million, or 52.3%, of Guaranty s total loans were nonresidential real estate loans (including owner occupied commercial real estate loans), which included approximately $196.8 million, or 14.5%, of Guaranty s total loans, that were construction and land development loans. These loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service. The availability of such income for repayment may be adversely affected by changes in the economy or local market conditions. These loans expose a lender to greater credit risk than loans secured by other types of collateral because the collateral securing these loans is typically more difficult to liquidate due to the fluctuation of real estate values. Additionally, non-owner occupied commercial real estate loans generally involve relatively large balances to single borrowers or related groups of borrowers. Unexpected deterioration in the credit quality of Guaranty s non-owner occupied commercial real estate loan portfolio could require Guaranty to increase its allowance for loan losses, which would reduce its profitability and could have an adverse effect on its business, financial condition and results of operations.

Construction and land development loans also involve risks because loan funds are secured by a project under construction and the project is of uncertain value prior to its completion. It can be difficult to accurately evaluate the total funds required to complete a project, and construction lending often involves the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project rather than the ability of a borrower or guarantor to repay the loan. If Guaranty is forced to foreclose on a project prior to completion, Guaranty may be unable to recover the entire unpaid portion of the loan. In addition, Guaranty may be required to fund additional amounts to complete a project, incur taxes, maintenance and compliance costs for a foreclosed property and may have to hold the property for an indeterminate period of time, any of which could adversely affect Guaranty s business, financial condition and results of operations.

Because a significant portion of Guaranty s loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing Guaranty s real estate loans and result in loan and other losses.

As of December 31, 2017, approximately $1.08 billion, or 79.8%, of Guaranty s total loans were loans with real estate as a primary or secondary component of collateral. Real estate values in many Texas markets have experienced periods of fluctuation over the last five years. The market value of real estate can fluctuate significantly in a short period of time. As a result, adverse developments affecting real estate values and the liquidity of real estate in Guaranty s primary markets or in Texas generally could increase the credit risk associated with Guaranty s loan portfolio, and could result in losses that adversely affect credit quality, financial condition and results of operations. Negative changes in the economy affecting real estate values and liquidity in Guaranty s market areas could significantly impair the value of property pledged as collateral on loans and affect Guaranty s ability to sell the collateral upon foreclosure without a loss or additional losses. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in losses on such loans. Such declines and losses would have an adverse effect on Guaranty s business, financial condition and results of operations. If real estate values decline, it is also more likely that Guaranty would be required to increase its allowance for loan losses, which would adversely affect its business, financial condition and results of operations.

Appraisals and other valuation techniques Guaranty uses in evaluating and monitoring loans secured by real property, other real estate owned and repossessed personal property may not accurately describe the net value of the asset.

In considering whether to make a loan secured by real property, Guaranty generally requires an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made, and, as real estate values may change significantly in value in relatively short periods of time (especially in periods of heightened economic uncertainty), this estimate may not accurately describe the net value of the real property collateral after the loan is made. As a result, Guaranty may not be able to realize the full amount of any remaining indebtedness when Guaranty forecloses on and sell the relevant property. In addition, Guaranty relies on appraisals and other valuation techniques to establish the value of Guaranty s other real estate owned (which we refer to as the OREO), and personal property that Guaranty acquires through foreclosure proceedings and to determine certain loan impairments. If any of these valuations are inaccurate, Guaranty s combined and consolidated financial statements may not reflect the correct value of its OREO, and its allowance for loan losses may not reflect accurate loan impairments. This could have an adverse effect on Guaranty s business, financial condition or results of operations. As of December 31, 2017, Guaranty held OREO and repossessed property and equipment that was valued at $2.2 million and $2.5 million, respectively.

Guaranty engages in lending secured by real estate and may be forced to foreclose on the collateral and own the underlying real estate, subjecting Guaranty to the costs and potential risks associated with the ownership of the real property, or consumer protection initiatives or changes in state or federal law may substantially raise the cost of foreclosure or prevent Guaranty from foreclosing at all.

Since Guaranty originates loans secured by real estate, Guaranty may have to foreclose on the collateral property to protect its investment and may thereafter own and operate such property, in which case Guaranty would be exposed to the risks inherent in the ownership of real estate. As of December 31, 2017, Guaranty held approximately $2.2 million in OREO in a special purpose subsidiary that is currently marketed for sale. The amount that Guaranty, as a mortgagee, may realize after a default is dependent upon factors outside of Guaranty s control, including, but not limited to general or local economic condition, environmental cleanup liability, assessments, interest rates, real estate tax rates, operating expenses of the mortgaged properties, ability to obtain and maintain adequate occupancy of the properties, zoning laws, governmental and regulatory rules, and natural disasters. Guaranty s inability to manage the amount of costs or size of the risks associated with the ownership of real estate, or writedowns in the value of other real estate owned, could have an adverse effect on Guaranty s business, financial condition and results of operations.

Additionally, consumer protection initiatives or changes in state or federal law may substantially increase the time and expense associated with the foreclosure process or prevent Guaranty from foreclosing at all. While historically Texas has had foreclosure laws that are favorable to lenders, a number of states in recent years have either considered or adopted foreclosure reform laws that make it substantially more difficult and expensive for lenders to foreclose on properties in default, and Guaranty cannot be certain that Texas will not adopt similar legislation in the future. Additionally, federal regulators have prosecuted a number of mortgage servicing companies for alleged consumer law violations. If new state or federal laws or regulations are ultimately enacted that significantly raise the cost of foreclosure or raise outright barriers, such could have an adverse effect on Guaranty s business, financial condition and results of operation.

A portion of Guaranty s loan portfolio is comprised of commercial loans secured by receivables, inventory, equipment or other commercial collateral, the deterioration in value of which could expose Guaranty to credit losses.

As of December 31, 2017, approximately $197.5 million, or 14.5%, of Guaranty s total loans were commercial loans to businesses. In general, these loans are collateralized by general business assets, including, among other things, accounts receivable, inventory and equipment, and most are backed by a personal guaranty of the borrower or principal. These commercial loans are typically larger in amount than loans to individuals and, therefore, have the potential for larger losses on a single loan basis. Additionally, the repayment of commercial loans is subject to the ongoing business operations of the borrower. The collateral securing such loans generally includes moveable property such as equipment and inventory, which may decline in value more rapidly than Guaranty anticipates exposing Guaranty to increased credit risk. In addition, a portion of Guaranty s customer base, including customers in the energy and real estate business, may be in industries which are particularly sensitive to commodity prices or market fluctuations, such as energy prices. Accordingly, negative changes in commodity prices and real estate values and liquidity could impair the value of the collateral securing these loans. Significant adverse changes in the economy or local market conditions in which Guaranty s commercial lending customers operate could cause rapid declines in loan collectability and the values associated with general business assets resulting in inadequate collateral coverage that may expose Guaranty to credit losses and could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty s allowance for loan losses may prove to be insufficient to absorb potential losses in Guaranty s loan portfolio.

Guaranty maintains an allowance for loan losses that represents management s judgment of probable losses and risks inherent in its loan portfolio. As of December 31, 2017, Guaranty s allowance for loan losses totaled $12.9 million, which represents approximately 0.95% of its total loans. The level of the allowance reflects management s continuing evaluation of general economic conditions, diversification and seasoning of the loan portfolio, historic loss experience, identified credit problems, delinquency levels and adequacy of collateral. The determination of the appropriate level of the allowance for loan losses is inherently highly subjective and requires Guaranty to make significant estimates of and assumptions regarding current credit risks and future trends, all of which may undergo material changes. Inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification or deterioration of additional problem loans, acquisition of problem loans and other factors, both within and outside of Guaranty s control, may require Guaranty to increase its allowance for loan losses. In addition, Guaranty s regulators, as an integral part of their periodic examination, review Guaranty s methodology for calculating, and the adequacy of, Guaranty s allowance for loan losses and may direct Guaranty to make additions to the allowance based on their judgments about information available to them at the time of their examination. Further, if actual charge-offs in future periods exceed the amounts allocated to the allowance for loan losses, Guaranty may need additional provisions for loan losses to restore the adequacy of its allowance for loan losses.

Finally, the measure of Guaranty s allowance for loan losses is dependent on the adoption and interpretation of accounting standards. The Financial Accounting Standards Board recently issued a new credit impairment model, the Current Expected Credit Loss (which we refer to as the CECL model), which will become applicable to Guaranty on January 1, 2020, though Guaranty may choose to adopt CECL on January 1, 2019, or may be encouraged by Guaranty s regulators to do so. CECL will require financial institutions to estimate and develop a provision for credit losses at origination for the lifetime of the loan, as opposed to reserving for incurred or probable losses up to the balance sheet date. Under the CECL model, credit deterioration would be reflected in the income statement in the period of origination or acquisition of the loan, with changes in expected credit losses due to further credit deterioration or improvement reflected in the periods in which the expectation changes. Accordingly, the CECL model could require financial institutions like GBT to increase their allowances for loan losses. Moreover, the CECL model likely would create more volatility in Guaranty s level of allowance for loan losses. If Guaranty is required to materially increase its level of allowance for loan losses for any reason, such increase could adversely affect its business, financial condition and results of operations.

If Guaranty fails to maintain effective internal control over financial reporting, Guaranty may not be able to report its financial results accurately and timely, in which case Guaranty s business may be harmed, investors may lose confidence in the accuracy and completeness of Guaranty s financial reports, Guaranty could be subject to regulatory penalties and the price of Guaranty common stock may decline.

Guaranty s management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on that system of internal control. Guaranty s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. As a public company, Guaranty is required to comply with the Sarbanes-Oxley Act and other rules that govern public companies. In particular, Guaranty is required to certify its compliance with Section 404 of the Sarbanes-Oxley Act beginning with its second annual report on Form 10-K, which will require Guaranty to furnish annually a report by management on the effectiveness of Guaranty s internal control over financial reporting. In addition, unless Guaranty remains an emerging growth company and elects additional transitional relief available to emerging growth companies, its independent registered public accounting firm may be required to report on the effectiveness of Guaranty s internal control over financial reporting beginning as of that second annual report on Form 10-K.

Guaranty will continue to periodically test and update, as necessary, its internal control systems, including its financial reporting controls. Guaranty s actions, however, may not be sufficient to result in an effective internal control environment, and any future failure to maintain effective internal control over financial reporting could impair the reliability of Guaranty s financial statements which in turn could harm Guaranty s business, impair investor confidence in the accuracy and completeness of Guaranty s financial reports and Guaranty s access to the capital markets and cause the price of Guaranty common stock to decline and subject Guaranty to regulatory penalties.

Guaranty relies heavily on its executive management team and other key employees, and Guaranty could be adversely affected by the unexpected loss of their services.

Guaranty s success depends in large part on the performance of its executive management team and other key personnel, as well as on its ability to attract, motivate and retain highly qualified senior and middle management and other skilled employees. Competition for qualified employees is intense, and the process of locating key personnel with the combination of skills, attributes and business relationships required to execute Guaranty s business plan may be lengthy. Guaranty may not be successful in retaining its key employees, and the unexpected loss of services of one or more of its key personnel could have an adverse effect on Guaranty s business because of their skills, knowledge of and business relationships within Guaranty s primary markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel. If the services of any of Guaranty s key personnel should become unavailable for any reason, Guaranty may not be able to identify and hire qualified persons on terms acceptable to Guaranty, or at all, which could have an adverse effect on Guaranty s business, financial condition, results of operations and future prospects.

Guaranty earns income by originating residential mortgage loans for resale in the secondary mortgage market, and disruptions in that market could reduce Guaranty s operating income.

Historically, Guaranty has earned income by originating mortgage loans for sale in the secondary market. A historical focus of Guaranty s loan origination and sales activities has been to enter into formal commitments and informal agreements with larger banking companies and mortgage investors. Under these arrangements, Guaranty originates single family mortgages that are priced and underwritten to conform to previously agreed criteria before loan funding and are delivered to the investor shortly after funding. For the years ended December 31, 2017 and 2016, Guaranty earned approximately $2.0 million and $1.7 million, respectively, from these activities. However, in the recent past, disruptions in the secondary market for residential mortgage loans have limited the market for, and liquidity of, most mortgage loans other than conforming Fannie Mae and Federal Home Loan Mortgage Corporation, or Freddie Mac, loans. The effects of these disruptions in the secondary market for residential mortgage loans may reappear.

In addition, because government-sponsored entities like Fannie Mae and Freddie Mac, who account for a substantial portion of the secondary market, are governed by federal law, any future changes in laws that significantly affect the activity of these entities could, in turn, adversely affect Guaranty s operations. In September 2008, Fannie Mae and Freddie Mac were placed into conservatorship by the federal government. The federal government has for many years considered proposals to reform Fannie Mae and Freddie Mac, but the results of any such reform and their impact on Guaranty are difficult to predict. To date, no reform proposal has been enacted.

These disruptions may not only affect Guaranty but also the ability and desire of mortgage investors and other banks to purchase residential mortgage loans that Guaranty originates. As a result, Guaranty may not be able to maintain or grow the income Guaranty receives from originating and reselling residential mortgage loans, which would reduce Guaranty s operating income. Additionally, Guaranty may be required to hold mortgage loans that Guaranty originated for sale, increasing its exposure to interest rate risk and the value of the residential real estate that serves as collateral for the mortgage loan.

Delinquencies, defaults and foreclosures in residential mortgages create a higher risk of repurchases and indemnity requests.

Guaranty originates residential mortgage loans for sale to government-sponsored enterprises, such as Fannie Mae, Freddie Mac and other investors. As a part of this process, Guaranty makes various representations and warranties to these purchasers that are tied to the underwriting standards under which the investors agreed to purchase the loan. If a representation or warranty proves to be untrue, Guaranty could be required to repurchase one or more of the mortgage loans or indemnify the investor. Repurchase and indemnity obligations tend to increase during weak economic times, as investors seek to pass on the risks associated with mortgage loan delinquencies to the originator of the mortgage. If Guaranty is forced to repurchase additional mortgage loans that it has previously sold to investors, or indemnify those investors, Guaranty s business, financial condition and results of operations could be adversely affected.

A lack of liquidity could impair Guaranty s ability to fund operations and adversely impact its business, financial condition and results of operations.

Liquidity is essential to Guaranty s business. Guaranty relies on its ability to generate deposits and effectively manage the repayment and maturity schedules of its loans and investment securities, respectively, to ensure that it has adequate liquidity to fund its operations. An inability to raise funds through deposits, borrowings, the sale of Guaranty s investment securities, the sale of loans, and other sources could have a substantial negative effect on Guaranty s liquidity.

Guaranty s most important source of funds is deposits. As of December 31, 2017, approximately $1.38 billion, or 82.3%, of Guaranty s total deposits were demand, savings and money market accounts. Historically Guaranty s savings accounts, money market deposit accounts and demand accounts have been stable sources of funds. However, these deposits are subject to potentially dramatic fluctuations in availability or price due to certain factors that may be outside of Guaranty s control, such as a loss of confidence by customers in Guaranty or the banking sector generally, customer perceptions of Guaranty s financial health and general reputation, increasing competitive pressures from other financial services firms for consumer or corporate customer deposits, changes in interest rates and returns on other investment classes, which could result in significant outflows of deposits within short periods of time or significant changes in pricing necessary to maintain current customer deposits or attract additional deposits, increasing Guaranty s funding costs and reducing its net interest income and net income.

The $296.8 million remaining balance of deposits consisted of certificates of deposit, of which $224.8 million, or 13.4% of Guaranty s total deposits, were due to mature within one year. Historically, a majority of Guaranty s certificates of deposit are renewed upon maturity as long as Guaranty pays competitive interest rates. These customers are, however, interest-rate conscious and may be willing to move funds into higher-yielding investment alternatives. If customers transfer money out of GBT s deposits and into other investments such as money market funds, Guaranty would lose a relatively low-cost source of funds, increasing Guaranty s funding costs and reducing its net interest income and net income.

Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities, and proceeds from the issuance and sale of Guaranty s equity and debt securities to investors. Additional liquidity is provided by Guaranty s ability to borrow from the Federal Reserve Bank of Dallas and the

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Federal Home Loan Bank of Dallas (which we refer to as the FHLB). Guaranty also may borrow funds from third-party lenders, such as other financial institutions. Guaranty s access to funding sources in amounts adequate to finance or capitalize its activities, or on terms that are acceptable to it, could be impaired by factors that affect Guaranty directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. Guaranty s access to funding sources could also be affected by a decrease in the level of Guaranty s business activity as a result of a downturn in Texas or by one or more adverse regulatory actions against Guaranty.

Any decline in available funding could adversely impact Guaranty s ability to originate loans, invest in securities, meet Guaranty s expenses, or fulfill obligations such as repaying Guaranty s borrowings or meeting deposit withdrawal demands, any of which could, in turn, have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty may need to raise additional capital in the future, and such capital may not be available when needed or at all.

Guaranty may need to raise additional capital, in the form of additional debt or equity, in the future to have sufficient capital resources and liquidity to meet Guaranty s commitments and fund its business needs and future growth, particularly if the quality of its assets or earnings were to deteriorate significantly. Guaranty s ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of its control, and its financial condition. Economic conditions and a loss of confidence in financial institutions may increase Guaranty s cost of funding and limit access to certain customary sources of capital, including interbank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve System. Guaranty may not be able to obtain capital on acceptable terms, or at all. Any occurrence that may limit Guaranty s access to the capital markets, such as a decline in the confidence of debt purchasers, depositors of Guaranty or counterparties participating in the capital markets or other disruption in capital markets, may adversely affect Guaranty s capital costs and Guaranty s ability to raise capital and, in turn, Guaranty s liquidity. Further, if Guaranty needs to raise capital in the future, Guaranty may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on Guaranty s business, financial condition or results of operations.

Guaranty has a concentration of deposit accounts with state and local municipalities that is a material source of Guaranty s funding, and the loss of these deposits or significant fluctuations in balances held by these public bodies could force Guaranty to fund Guaranty s business through more expensive and less stable sources.

As of December 31, 2017, $287.6 million, or approximately 17.2%, of Guaranty s total deposits consisted of deposit accounts of public bodies, such as state or local municipalities, or public funds. These types of deposits are often secured and typically fluctuate on a seasonal basis due to timing differences between tax collection and expenditures. Withdrawals of deposits or significant fluctuation in a material portion of Guaranty s largest public fund depositors could force Guaranty to rely more heavily on borrowings and other sources of funding for Guaranty s business and withdrawal demands, adversely affecting Guaranty s net interest margin and results of operations. Guaranty may also be forced, as a result of any withdrawal of deposits, to rely more heavily on other, potentially more expensive and less stable funding sources. Consequently, the occurrence of any of these events could have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty is subject to interest rate risk and fluctuations in interest rates may adversely affect Guaranty s earnings.

The majority of Guaranty s banking assets and liabilities are monetary in nature and subject to risk from changes in interest rates. Like most financial institutions, Guaranty s earnings are significantly dependent on its net interest income, the principal component of its earnings, which is the difference between interest earned by Guaranty from its interest-earning assets, such as loans and investment securities, and interest paid by Guaranty on its interest-bearing liabilities, such as deposits and borrowings. Guaranty expects that it will periodically experience gaps in the interest rate sensitivities of its assets and liabilities, meaning that either Guaranty s interest-bearing liabilities will be more sensitive to changes in market interest rates than its interest-earning assets, or vice versa. In either event, if market interest rates should move contrary to Guaranty s position, this gap will negatively impact Guaranty s earnings. The impact on earnings is more adverse when the slope of the yield curve flattens, that is, when short-term interest rates increase more than long-term interest rates or when long-term interest rates decrease more than short-term interest rates. Many factors impact interest rates, including governmental monetary policies, inflation, recession, changes in unemployment, the money supply and international economic weakness and disorder and instability in domestic and foreign financial markets. As of December 31, 2017, approximately 46.87% of Guaranty s interest-earning assets and approximately 57.39% of Guaranty s interest-bearing liabilities had a variable rate. Guaranty s interest rate sensitivity profile was asset sensitive as of December 31, 2017, meaning that Guaranty estimates its net interest income would increase more from rising interest rates than from falling interest rates.

Interest rate increases often result in larger payment requirements for Guaranty s borrowers, which increases the potential for default and could result in a decrease in the demand for loans. At the same time, the marketability of the property securing a loan may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on loans as borrowers refinance their loans at lower rates. In addition, in a low interest rate environment, loan customers often pursue long-term fixed rate credits, which could adversely affect Guaranty s earnings and net interest margin if rates increase. Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have an adverse effect on Guaranty s results of operations and cash flows. Further, when Guaranty places a loan on nonaccrual status, it reverses any accrued but unpaid interest receivable, which decreases interest income. At the same time, Guaranty continues to have a cost to fund the loan, which is reflected as interest expense, without any interest income to offset the associated funding expense. Thus, an increase in the amount of nonperforming assets would have an adverse impact on net interest income. If short-term interest rates continue to remain at their historically low levels for a prolonged period and assuming longer-term interest rates fall further, Guaranty could experience net interest margin compression as its interest-earning assets would continue to reprice downward while its interest-bearing liability rates could fail to decline in tandem. Such an occurrence would have an adverse effect on Guaranty s net interest income and could have an adverse effect on its business, financial condition and results of operations.

Guaranty s business is concentrated in, and largely dependent upon, the continued growth and welfare of its primary markets, and adverse economic conditions in these markets could negatively impact Guaranty s operations and customers.

Guaranty s business, financial condition and results of operations are affected by changes in the economic conditions of its primary markets of East Texas, Central Texas and the Dallas/Fort Worth metroplex. Guaranty s success depends to a significant extent upon the business activity, population, income levels, employment trends, deposits and real estate activity in Guaranty s primary markets. Economic conditions within Guaranty s primary markets, and the State of Texas in general, are influenced by the energy sector generally and the price of oil and gas specifically. Although Guaranty s customers business and financial interests may extend well beyond Guaranty s primary markets, adverse conditions that affect Guaranty s primary markets, including future declines in oil prices, could reduce Guaranty s growth rate, affect the ability of Guaranty s customers to repay their loans, affect the value of collateral underlying Guaranty s loans, affect Guaranty s ability to attract deposits and generally affect Guaranty s business, financial condition, results of operations and future prospects. Due to Guaranty s geographic concentration within its primary markets, Guaranty may be less able than other larger regional or national financial institutions to diversify its credit risks across multiple markets.

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Guaranty faces strong competition from financial services companies and other companies that offer banking services.

Guaranty operates in the highly competitive financial services industry and face significant competition for customers from financial institutions located both within and beyond Guaranty s principal markets. Guaranty competes with commercial banks, savings banks, credit unions, nonbank financial services companies and other financial institutions operating within or near the areas Guaranty serves. Additionally, certain large banks headquartered outside of Guaranty s markets and large community banking institutions target the same customers Guaranty does. In addition, as customer preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for banks to expand their geographic reach by providing services over the internet and for nonbanks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. The banking industry is experiencing rapid changes in technology, and, as a result, Guaranty s future success will depend in part on Guaranty s ability to address its customers needs by using technology. Customer loyalty can be influenced by a competitor s new products, especially offerings that could provide cost savings or a higher return to the customer. Increased lending activity of competing banks following the recent downturn has also led to increased competitive pressures on loan rates and terms for high-quality credits. Guaranty may not be able to compete successfully with other financial institutions in its markets, and Guaranty may have to pay higher interest rates to attract deposits, accept lower yields to attract loans and pay higher wages for new employees, resulting in lower net interest margins and reduced profitability.

Many of Guaranty s non-bank competitors are not subject to the same extensive regulations that govern Guaranty s activities and may have greater flexibility in competing for business. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. In addition, some of Guaranty s current commercial banking customers may seek alternative banking sources as they develop needs for credit facilities larger than Guaranty may be able to accommodate. Guaranty s inability to compete successfully in the markets in which Guaranty operates could have an adverse effect on its business, financial condition or results of operations.

Guaranty s trust and wealth management division derives its revenue from noninterest income and is subject to operational, compliance, reputational, fiduciary and strategic risks that could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty s trust and wealth management division subjects it to a number of different risks from its commercial activities, any of which could adversely affect Guaranty s business, financial condition and results of operations. Operational or compliance risk entails inadequate or failed internal processes, people and systems or changes driven by external events. Success in the trust and wealth management business is highly dependent on reputation. Damage to Guaranty s reputation from negative opinion in the marketplace could adversely impact both revenue and net income. Such results could also be affected by errors in judgment by management or the board, the improper implementation of business decisions or by unexpected external events. Guaranty s success in this division is also dependent upon its continuing ability to generate investment results that satisfy its clients and attract prospective clients, which may be adversely impacted by factors that are outside of Guaranty s control. In addition, Guaranty s trust and wealth management division is subject to fiduciary risks and risks associated with adverse decisions regarding the scope of fiduciary liabilities. If any claims or legal actions regarding Guaranty s fiduciary role are not resolved in a manner favorable to Guaranty, it may be exposed to significant financial liability and its reputation could be damaged. Either of these results may adversely impact demand for Guaranty s products and services, including those unrelated to Guaranty s trust and wealth management division, or otherwise have an adverse effect on Guaranty s business, financial condition or results of operation.

Additional risks resulting from Guaranty s mortgage warehouse lending business could have an adverse effect on Guaranty s business, financial condition and results of operations.

A portion of Guaranty s lending involves the origination of mortgage warehouse lines of credit. Risks associated with Guaranty s mortgage warehouse loans include credit risks relating to the mortgage bankers that borrow from Guaranty, including the risk of intentional misrepresentation or fraud; changes in the market value of mortgage loans originated by the mortgage banker, the sale of which is the expected source of repayment of the borrowings under a warehouse line of credit, due to changes in interest rates during the time in warehouse; and originations of mortgage loans that are unsalable or impaired, which could lead to decreased collateral value and the failure of a purchaser of the mortgage loan to ultimately purchase the loan from the mortgage banker. Any one or a combination of these events may adversely affect Guaranty s loan portfolio and may result in increased delinquencies, loan losses and increased future provision levels, which, in turn, could adversely affect Guaranty s business, financial condition and results of operations.

New lines of business, products, product enhancements or services may subject Guaranty to additional risks.

From time to time, Guaranty implements new lines of business, or offers new products and product enhancements as well as new services within its existing lines of business and Guaranty will continue to do so in the future. For example, in 2017, Guaranty established its Small Business Association lending division. Guaranty also has plans to enhance its trust and wealth management division. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In implementing, developing or marketing new lines of business, products, product enhancements or services, Guaranty may invest significant time and resources, although Guaranty may not assign the appropriate level of resources or expertise necessary to make these new lines of business, products, product enhancements or services successful or to realize their expected benefits. Further, initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the ultimate implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service could have a significant impact on the effectiveness of Guaranty s system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have an adverse impact on Guaranty s business, financial condition or results of operations.

Negative public opinion regarding Guaranty or failure to maintain its reputation in the communities Guaranty serves could adversely affect Guaranty s business and prevent Guaranty from growing its business.

As a community bank, Guaranty s reputation within the communities it serves is critical to its success. Guaranty believes it has set itself apart from its competitors by building strong personal and professional relationships with its customers and being active members of the communities Guaranty serves. As such, Guaranty strives to enhance its reputation by recruiting, hiring and retaining employees who share its core values of being an integral part of the communities Guaranty serves and delivering superior service to its customers. If Guaranty s reputation is negatively affected by the actions of its employees or otherwise, Guaranty may be less successful in attracting new talent and customers or may lose existing customers, and Guaranty s business, financial condition and results of operations could be adversely affected. Further, negative public opinion can expose Guaranty to litigation and regulatory action and delay and impede its efforts to implement its expansion strategy, which could further adversely affect Guaranty s business, financial condition and results of operations.

Guaranty could recognize losses on investment securities held in its securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate.

While Guaranty attempts to invest a significant majority of its total assets in loans (its loan to asset ratio was 69.27% as of December 31, 2017), Guaranty invests a percentage of its total assets (20.74% as of December 31,

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2017) in investment securities with the primary objectives of providing a source of liquidity, providing an appropriate return on funds invested, managing interest rate risk, meeting pledging requirements and meeting regulatory capital requirements. As of December 31, 2017, the fair value of Guaranty s available for sale investment securities portfolio was $232.4 million, which included a net unrealized loss of $3.5 million. Factors beyond Guaranty s control can significantly and adversely influence the fair value of securities in its portfolio. For example, fixed-rate securities are generally subject to decreases in market value when interest rates rise. Additional factors include, but are not limited to, rating agency downgrades of the securities, defaults by the issuer or individual borrowers with respect to the underlying securities, and instability in the credit markets. Any of the foregoing factors could cause other-than-temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other-than-temporary usually requires difficult, subjective judgments about the future financial performance of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Because of changing economic and market conditions affecting interest rates, the financial condition of issuers of the securities and the performance of the underlying collateral, Guaranty may recognize realized and/or unrealized losses in future periods, which could have an adverse effect on its business, financial condition and results of operations.

The accuracy of Guaranty s financial statements and related disclosures could be affected if the judgments, assumptions or estimates used in Guaranty s critical accounting policies are inaccurate.

The preparation of financial statements and related disclosures in conformity with GAAP requires Guaranty to make judgments, assumptions and estimates that affect the amounts reported in its consolidated financial statements and accompanying notes. Guaranty s critical accounting policies, which are included in the section captioned Management s Discussion and Analysis of Financial Condition and Results of Operations in this proxy statement/prospectus, describe those significant accounting policies and methods used in the preparation of its consolidated financial statements that Guaranty considers critical because they require judgments, assumptions and estimates that materially affect Guaranty s consolidated financial statements and related disclosures. As a result, if future events or regulatory views concerning such analysis differ significantly from the judgments, assumptions and estimates in Guaranty s critical accounting policies, those events or assumptions could have a material impact on Guaranty s consolidated financial statements and related disclosures, in each case resulting in Guaranty needing to revise or restate prior period financial statements, cause damage to Guaranty s reputation and the price of Guaranty common stock, and adversely affect Guaranty s business, financial condition and results of operations.

There could be material changes to Guaranty s financial statements and disclosures if there are changes in accounting standards or regulatory interpretations of existing standards

From time to time the Financial Accounting Standards Board or the SEC may change the financial accounting and reporting standards that govern the preparation of Guaranty s financial statements. Such changes may result in Guaranty being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how new or existing standards should be applied. These changes may be beyond Guaranty s control, can be hard to predict and can materially impact how Guaranty records and reports its financial condition and results of operations. In some cases, Guaranty could be required to apply a new or revised standard retrospectively, or apply an existing standard differently and retrospectively, in each case resulting in Guaranty needing to revise or restate prior period financial statements, which could materially change Guaranty s financial statements and related disclosures, cause damage to Guaranty s reputation and the price of Guaranty common stock, and adversely affect Guaranty s business, financial condition and results of operations.

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Guaranty s operations could be interrupted if its third-party service providers experience difficulty, terminate their services or fail to comply with banking regulations.

Guaranty outsources some of its operational activities and accordingly depend on a number of relationships with third-party service providers. Specifically, Guaranty relies on third parties for certain services, including, but not limited to, core systems support, informational website hosting, internet services, online account opening and other processing services. Guaranty s business depends on the successful and uninterrupted functioning of its information technology and telecommunications systems and third-party servicers. The failure of these systems, a cyber security breach involving any of Guaranty s third-party service providers, or the termination or change in terms of a third-party software license or service agreement on which any of these systems is based, could interrupt Guaranty s operations. Because Guaranty s information technology and telecommunications systems interface with and depend on third-party systems, Guaranty could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. Replacing vendors or addressing other issues with Guaranty s third-party service providers could entail significant delay, expense and disruption of service.

As a result, if these third-party service providers experience difficulties, are subject to cyber security breaches, or terminate their services, and Guaranty is unable to replace them with other service providers, particularly on a timely basis, Guaranty s operations could be interrupted. If an interruption were to continue for a significant period of time, Guaranty s business, financial condition and results of operations could be adversely affected. Even if Guaranty is able to replace third-party service providers, it may be at a higher cost to Guaranty, which could adversely affect Guaranty s business, financial condition and results of operations.

In addition, GBT s primary federal regulator, the OCC, has recently issued guidance outlining the expectations for third-party service provider oversight and monitoring by financial institutions. The federal banking agencies, including the OCC, have recently issued enforcement actions against financial institutions for failure in oversight of third-party providers and violations of federal banking law by such providers when performing services for financial institutions. Accordingly, Guaranty s operations could be interrupted if any of its third-party service providers experience difficulty, are subject to cyber security breaches, terminate their services or fail to comply with banking regulations, which could adversely affect Guaranty s business, financial condition and results of operations. In addition, Guaranty s failure to adequately oversee the actions of its third-party service providers could result in regulatory actions against GBT, which could adversely affect Guaranty s business, financial condition and results of operations.

System failure or cyber security breaches of Guaranty s network security could subject Guaranty to increased operating costs as well as litigation and other potential losses.

Guaranty s computer systems and network infrastructure could be vulnerable to hardware and cyber security issues. Guaranty s operations are dependent upon its ability to protect its computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. Guaranty could also experience a breach by intentional or negligent conduct on the part of employees or other internal sources. Any damage or failure that causes an interruption in Guaranty s operations could have an adverse effect on Guaranty s financial condition and results of operations. In addition, Guaranty s operations are dependent upon its ability to protect its computer systems and network infrastructure, including its digital, mobile and internet banking activities, against damage from physical break-ins, cyber security breaches and other disruptive problems caused by the internet or other users. Such computer break-ins and other disruptions would jeopardize the security of information stored in and transmitted through Guaranty s computer systems and network infrastructure, which may result in significant liability, damage Guaranty s reputation and inhibit the use of Guaranty s internet banking services by current and potential customers. Guaranty regularly adds additional security measures to its computer systems and network infrastructure to mitigate the possibility of cyber security breaches, including firewalls and penetration testing. However, it is difficult or impossible to defend against every risk being posed by changing technologies as well as acts of cyber-crime. Increasing sophistication of cyber criminals and terrorists make keeping up with new threats difficult and could result in a system breach. Controls employed by Guaranty s information technology department and cloud vendors could prove inadequate. A breach of Guaranty s security that results in unauthorized access to its data could expose Guaranty to a disruption or challenges relating to its daily operations, as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs and reputational damage, any of which could have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty has a continuing need for technological change, and Guaranty may not have the resources to effectively implement new technology, or Guaranty may experience operational challenges when implementing new technology or technology needed to compete effectively with larger institutions may not be available to Guaranty on a cost effective basis.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Guaranty s future success will depend, at least in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in its operations as Guaranty continues to grow and expand its products and service offerings. Guaranty may experience operational challenges as Guaranty implements these new technology enhancements or products, which could impair its ability to realize the anticipated benefits from such new technology or require Guaranty to incur significant costs to remedy any such challenges in a timely manner.

Many of Guaranty s larger competitors have substantially greater resources to invest in technological improvements. Third parties upon which Guaranty relies upon for its technology needs may not be able to develop on a cost effective basis systems that will enable Guaranty to keep pace with such developments. As a result, they may be able to offer additional or superior products compared to those that Guaranty will be able to provide, which would put Guaranty at a competitive disadvantage. Guaranty may lose customers seeking new technology-driven products and services to the extent Guaranty is unable to provide such products and services. Accordingly, the ability to keep pace with technological change is important and the failure to do so could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty is subject to certain operational risks, including, but not limited to, customer, employee or third-party fraud and data processing system failures and errors.

Employee errors and employee or customer misconduct could subject Guaranty to financial losses or regulatory sanctions and seriously harm its reputation. Misconduct by Guaranty s employees could include hiding unauthorized activities from Guaranty, improper or unauthorized activities on behalf of Guaranty s customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions Guaranty takes to prevent and detect this activity may not be effective in all cases. Employee errors could also subject Guaranty to financial claims for negligence.

Guaranty maintains a system of internal controls to mitigate operational risks, including data processing system failures and errors and customer or employee fraud, as well as insurance coverage designed to protect Guaranty from material losses associated with these risks, including losses resulting from any associated business interruption. If Guaranty s internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could adversely affect Guaranty s business, financial condition and results of operations.

In addition, Guaranty relies heavily upon information supplied by third parties, including the information contained in credit applications, property appraisals, title information, equipment pricing and valuation and employment and income documentation, in deciding which loans Guaranty will originate, as well as the terms of those loans. If any of the information upon which Guaranty relies is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected, or Guaranty may fund a loan that it would not have funded or on terms it would not have extended. Whether a misrepresentation is made by the applicant or another third party, Guaranty generally bears the risk of loss associated with the misrepresentation. A loan subject to a material misrepresentation is typically unsellable or subject to repurchase if it is sold prior to detection of the misrepresentation. The sources of the misrepresentations are often difficult to locate, and it is often difficult to recover any of the resulting monetary losses Guaranty may suffer, which could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty s primary markets are susceptible to natural disasters and other catastrophes that could negatively impact the economies of Guaranty s markets, Guaranty s operations or Guaranty s customers, any of which could have an adverse effect on Guaranty.

A significant portion of Guaranty s business is generated from Guaranty s primary markets of East Texas, Central Texas and the Dallas/Fort Worth metroplex, which are susceptible to damage by tornadoes, floods, droughts and other natural disasters and adverse weather. In addition to natural disasters, man-made events, such as acts of terror and governmental response to acts of terror, malfunction of the electronic grid and other infrastructure breakdowns, could adversely affect economic conditions in Guaranty s primary markets. These catastrophic events can disrupt Guaranty s operations, cause widespread property damage, and severely depress the local economies in which Guaranty operates. If the economies in Guaranty s primary markets experience an overall decline as a result of a catastrophic event, demand for loans and Guaranty s other products and services could be reduced. In addition, the rates of delinquencies, foreclosures, bankruptcies and losses on loan portfolios may increase substantially, as uninsured property losses or sustained job interruption or loss may materially impair the ability of borrowers to repay their loans. Moreover, the value of real estate or other collateral that secures the loans could be materially and adversely affected by a catastrophic event. A natural disaster or other catastrophic event could, therefore, result in decreased revenue and loan losses that have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty may be subject to environmental liabilities in connection with the real properties Guaranty owns and the foreclosure on real estate assets securing Guaranty s loan portfolio.

In the course of Guaranty s business, it may purchase real estate in connection with its acquisition and expansion efforts, or it may foreclose on and take title to real estate or otherwise be deemed to be in control of property that serves as collateral on loans it makes. As a result, Guaranty could be subject to environmental liabilities with respect to those properties. Guaranty may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or it may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if Guaranty is the owner or former owner of a contaminated site, it may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property.

The cost of removal or abatement may substantially exceed the value of the affected properties or the loans secured by those properties, Guaranty may not have adequate remedies against the prior owners or other responsible parties and Guaranty may not be able to resell the affected properties either before or after completion of any such removal or abatement procedures. If material environmental problems are discovered before foreclosure, Guaranty generally will not foreclose on the related collateral or will transfer ownership of the loan to a subsidiary. It should be noted, however, that the transfer of the property or loans to a subsidiary may not protect Guaranty from environmental liability. Furthermore, despite these actions on Guaranty s part, the value of the property as collateral will generally be substantially reduced or Guaranty may elect not to foreclose on the property and, as a result, it may suffer a loss upon collection of the loan. Any significant environmental liabilities could have an adverse effect on Guaranty s business, financial condition and results of operations.

Guaranty is subject to claims and litigation pertaining to intellectual property.

Banking and other financial services companies, such as Guaranty, rely on technology companies to provide information technology products and services necessary to support their day-to-day operations. Technology companies frequently enter into litigation based on allegations of patent infringement or other violations of intellectual property rights. In addition, patent holding companies seek to monetize patents they have purchased or otherwise obtained. Competitors of Guaranty s vendors, or other individuals or companies, may from time to time claim to hold intellectual property sold to Guaranty by its vendors. Such claims may increase in the future as the financial services sector becomes more reliant on information technology vendors. The plaintiffs in these actions frequently seek injunctions and substantial damages.

Regardless of the scope or validity of such patents or other intellectual property rights, or the merits of any claims by potential or actual litigants, Guaranty may have to engage in protracted litigation. Such litigation is often expensive, time-consuming, disruptive to Guaranty s operations and distracting to management. If Guaranty is found to infringe one or more patents or other intellectual property rights, Guaranty may be required to pay substantial damages or royalties to a third party. In certain cases, Guaranty may consider entering into licensing agreements for disputed intellectual property, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur. These licenses may also significantly increase Guaranty s operating expenses. If legal matters related to intellectual property claims were resolved against Guaranty or settled, Guaranty could be required to make payments in amounts that could have an adverse effect on its business, financial condition and results of operations.

If the goodwill that Guaranty has recorded or may record in connection with a business acquisition becomes impaired, it could require charges to earnings.

Goodwill represents the amount by which the cost of an acquisition exceeded the fair value of net assets Guaranty acquired in connection with the purchase of another financial institution. Guaranty reviews goodwill for impairment at least annually, or more frequently if a triggering event occurs which indicates that the carrying value of the asset might be impaired.

Guaranty s goodwill impairment test involves a two-step process. Under the first step, the estimation of fair value of the reporting unit is compared to its carrying value including goodwill. If step one indicates a potential impairment, the second step is performed to measure the amount of impairment, if any. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in Guaranty s results of operations in the periods in which they become known. As of December 31, 2017, Guaranty s goodwill totaled $18.7 million. While Guaranty has not recorded any impairment charges since Guaranty initially recorded the goodwill, there can be no assurance that Guaranty s future evaluations of its existing goodwill or goodwill Guaranty may acquire in the future will not result in findings of impairment and related write-downs, which could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty may be adversely affected by recent changes in U.S. tax laws.

The enactment of the Tax Cuts and Jobs Act (which we refer to as the TCJA), on December 22, 2017 made significant changes to the Internal Revenue Code, many of which are highly complex and may require interpretations and implementing regulations. As a result of the TCJA s reduction of the corporate income tax rate from 35% to 21%, Guaranty recorded a one-time, non-cash charge to income tax provision of $1.7 million during the fourth quarter of 2017 to reduce the value of Guaranty s net deferred tax assets. For further information, see Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations for the Years Ended December 31, 2017, 2016 and 2015 Income Tax Expense, beginning on page 142. Furthermore, Guaranty may incur additional meaningful expenses (including professional fees) as the TCJA is implemented, and the expected impact of certain aspects of the statute remains unclear and subject to change.

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The TCJA includes a number of provisions that will have an impact on the banking industry, borrowers and the market for residential real estate. These changes include: (i) a lower limit on the deductibility of mortgage interest on single-family residential mortgage loans, (ii) the elimination of interest deductions for home equity loans that are not used to buy, build or substantially improve the taxpayer s home that secures the applicable home equity loan, (iii) a limitation on the deductibility of business interest expense, and (iv) a limitation on the deductibility of property taxes and state and local income taxes. The TCJA may have an adverse effect on the market for and the valuation of residential properties, as well as on the demand for such loans in the future, and could make it harder for borrowers to make their loan payments. The value of the properties securing loans in Guaranty s loan portfolio may be adversely impacted as a result of the changing economics of home ownership. Such an impact could require an increase in Guaranty s provision for loan losses, which would reduce its profitability and could materially adversely affect Guaranty s business, financial condition and results of operations.

Guaranty may not be able to recognize the full value of Westbound s deferred tax assets and other attributes after the merger.

Guaranty s ability to use the net operating loss carryovers (NOLs) and other tax attributes of Westbound after the merger will be subject to certain limitations and changes in tax law that may impact the value of Guaranty s deferred tax assets. The merger will constitute a change in the ownership of Westbound under Section 382 of the Code that will place certain limits on Guaranty s ability to utilize Westbound s NOLs and other tax attributes to reduce Westbound s future income taxes. In addition, the TCJA limits NOL deductions to 80% of taxable income and eliminates net operating loss carrybacks (but retains carryforwards indefinitely to offset taxable income in future years) with respect to NOLs arising in tax years beginning after December 31, 2017. Although NOLs generated in tax years beginning before January 1, 2018 are not subject to these limitations, the interplay between these rules and these pre-2018 NOLs could result in the limitation or deferral of some of these NOL deductions. As a result of the limitations under Section 382 of the Code and the changes in the TCJA, the value of Westbound s deferred tax assets to Guaranty after the merger could decrease, because the limitations in Section 382 of the Code could reduce the present value of future tax savings to Guaranty from Westbound s deferred tax assets and the changes in the TCJA will reduce Guaranty s flexibility in how it utilizes Westbound s NOLs after the merger.

In addition, the TCJA reduces the U.S. federal corporate income tax rates. For tax years beginning on or before December 31, 2017, value of Westbound s deferred tax assets was currently based on a 35% U.S. federal corporate income tax rate. Now, for taxable years beginning after December 31, 2017, the U.S. federal corporate income tax rate is 21% and the value of Westbound s deferred tax assets will be based on such lower rate. Accordingly, the value of Westbound s deferred tax assets will decrease for taxable years beginning after December 31, 2017 and likely would be accompanied by a related charge to earnings, which could negatively affect Guaranty s financial condition and results of operations following the merger.

Risks Related to Regulation of Guaranty s Industry

The ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (which we refer to as the Dodd-Frank Act), could adversely affect Guaranty s business, financial condition, and results of operations.

On July 21, 2010, the Dodd-Frank Act was signed into law, and the process of implementation is ongoing. The Dodd-Frank Act imposes significant regulatory and compliance changes on many industries, including Guaranty. There remains significant uncertainty surrounding the manner in which the provisions of the Dodd-Frank Act will ultimately be implemented by the various regulatory agencies and the full extent of the impact of the requirements on Guaranty s operations is unclear, especially in light of the Trump administration s executive order calling for a full review of the Dodd-Frank Act and the regulations promulgated under it. The changes resulting from the Dodd-Frank Act may impact the profitability of Guaranty s business activities, require changes to certain of Guaranty s business practices, require the development of new compliance infrastructure, impose upon Guaranty more stringent capital, liquidity and leverage requirements or otherwise adversely affect Guaranty s business. These changes may also require Guaranty to invest significant management

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attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. Failure to comply with the new requirements or with any future changes in laws or regulations could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty operates in a highly regulated environment and the laws and regulations that govern Guaranty s operations, corporate governance, executive compensation and accounting principles, or changes in them, or Guaranty s failure to comply with them, could adversely affect Guaranty.

Banking is highly regulated under federal and state law. As such, Guaranty is subject to extensive regulation, supervision and legal requirements that govern almost all aspects of its operations. These laws and regulations are not intended to protect Guaranty s shareholders. Rather, these laws and regulations are intended to protect customers, depositors, the Deposit Insurance Fund and the overall financial stability of the United States. These laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on the business activities in which Guaranty can engage, limit the dividend or distributions that GBT can pay to Guaranty, restrict the ability of institutions to guarantee Guaranty s debt and impose certain specific accounting requirements on Guaranty that may be more restrictive and may result in greater or earlier charges to earnings or reductions in Guaranty s capital than GAAP would require. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional operating costs. Guaranty s failure to comply with these laws and regulations, even if the failure follows good faith effort or reflects a difference in interpretation, could subject Guaranty to restrictions on its business activities, enforcement actions and fines and other penalties, any of which could adversely affect its results of operations, regulatory capital levels and the price of its securities. Further, any new laws, rules and regulations, such as the Dodd-Frank Act, could make compliance more difficult or expensive or otherwise adversely affect Guaranty s business, financial condition and results of operations.

Federal banking agencies periodically conduct examinations of Guaranty s business, including compliance with laws and regulations, and Guaranty s failure to comply with any supervisory actions to which it is or becomes subject as a result of such examinations could adversely affect Guaranty.

As part of the bank regulatory process, the Board of Governors of the Federal Reserve System (which we refer to as the Federal Reserve) and the OCC periodically conduct examinations of Guaranty s and GBT s respective business, including compliance with laws and regulations. If, as a result of an examination, one of these federal banking agencies were to determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, asset sensitivity, risk management or other aspects of any of Guaranty s operations have become unsatisfactory, or that Guaranty, GBT or their respective management were in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin unsafe or unsound practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in Guaranty s capital levels, to restrict Guaranty s growth, to assess civil monetary penalties against Guaranty, GBT or their respective officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate GBT s deposit insurance. If Guaranty becomes subject to such regulatory actions, Guaranty s business, financial condition, results of operations and reputation could be adversely affected.

Guaranty recently became subject to more stringent capital requirements, which may result in lower returns on equity, require the raising of additional capital, limit Guaranty s ability to repurchase shares or pay dividends and discretionary bonuses, or result in regulatory action.

The Dodd-Frank Act requires the federal banking agencies to establish stricter risk-based capital requirements and leverage limits to apply to banks and bank and savings and loan holding companies. In July 2013, the federal banking agencies published new capital rules, referred to herein as the Basel III capital rules, which revised their risk-based and leverage capital requirements and their method for calculating risk-weighted assets. The Basel III capital rules apply to all bank holding companies with $1.0 billion or more in consolidated assets and all banks regardless of size. The Basel III capital rules became effective as applied to Guaranty on January 1, 2015, with a phase-in period for the new capital conservation buffer that generally extends from January 1, 2015 through January 1, 2019. For more information, see Supervision and Regulation Guaranty Revised Rules on Regulatory Capital, beginning on page 165.

As a result of the enactment of the Basel III capital rules, Guaranty became subject to increased required capital levels. Guaranty s inability to comply with these more stringent capital requirements could, among other things, result in lower returns on equity; require the raising of additional capital; limit its ability to repurchase shares or pay dividends and discretionary bonuses; or result in regulatory actions, any of which could adversely affect Guaranty s business, financial condition and results of operation.

Many of Guaranty s new activities and expansion plans require regulatory approvals, and failure to obtain them may restrict its growth.

Guaranty intends to complement and expand its business by pursuing strategic acquisitions of financial institutions and other complementary businesses. Generally, Guaranty must receive federal regulatory approval before Guaranty can acquire a depository institution insured by the Federal Deposit Insurance Corporation (which we refer to as the FDIC) or related business. In determining whether to approve a proposed acquisition, federal banking regulators will consider, among other factors, the effect of the acquisition on competition, Guaranty s financial condition, Guaranty s future prospects, and the impact of the proposal on U.S. financial stability. The regulators also review current and projected capital ratios and levels, the competence, experience and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served (including the acquiring institution s record of compliance under the Community Reinvestment Act (which we refer to as the CRA)) and the effectiveness of the acquiring institution in combating money laundering activities. Such regulatory approvals may not be granted on terms that are acceptable to Guaranty, or at all. Guaranty may also be required to sell banking locations as a condition to receiving regulatory approval, which condition may not be acceptable to it or, if acceptable to it, may reduce the benefit of any acquisition.

In addition to the acquisition of existing financial institutions, as opportunities arise, Guaranty plans to continue *de novo* branching as a part of its expansion strategy. *De novo* branching and acquisitions carry with them numerous risks, including the inability to obtain all required regulatory approvals. The failure to obtain these regulatory approvals for potential future strategic acquisitions and *de novo* banking locations could impact its business plans and restrict its growth.

Financial institutions, such as GBT, face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (which we refer to as the Patriot Act), and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The Financial Crimes Enforcement Network, established by the U.S. Department of the Treasury (which we refer to as the Treasury Department), to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and the IRS. There is also increased scrutiny of compliance with the sanctions programs and rules administered and enforced by the Treasury Department s Office of

Foreign Assets Control.

In order to comply with regulations, guidelines and examination procedures in this area, Guaranty has dedicated significant resources to its anti-money laundering program. If Guaranty s policies, procedures and

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systems are deemed deficient, Guaranty could be subject to liability, including fines and regulatory actions such as restrictions on its ability to pay dividends and the inability to obtain regulatory approvals to proceed with certain aspects of its business plans, including acquisitions and *de novo* branching.

Guaranty is subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Consumer Financial Protection Bureau (which we refer to as the CFPB), the U.S. Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. The CFPB was created under the Dodd-Frank Act to centralize responsibility for consumer financial protection with broad rulemaking authority to administer and carry out the purposes and objectives of federal consumer financial laws with respect to all financial institutions that offer financial products and services to consumers. The CFPB is also authorized to prescribe rules applicable to any covered person or service provider, identifying and prohibiting acts or practices that are unfair, deceptive, or abusive in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The ongoing broad rulemaking powers of the CFPB have potential to have a significant impact on the operations of financial institutions offering consumer financial products or services. The CFPB has indicated that it may propose new rules on overdrafts and other consumer financial products or services, which could have an adverse effect on Guaranty s business, financial condition and results of operations if any such rules limit Guaranty s ability to provide such financial products or services.

A successful regulatory challenge to an institution s performance under the CRA, fair lending or consumer lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution s performance under fair lending laws in private class action litigation. Such actions could have an adverse effect on Guaranty s business, financial condition and results of operations.

Increases in FDIC insurance premiums could adversely affect Guaranty s earnings and results of operations.

Guaranty is generally unable to control the amount of premiums that it is required to pay for FDIC insurance. As a result of economic conditions and the enactment of the Dodd-Frank Act, the FDIC has in recent years increased deposit insurance assessment rates, which in turn raised deposit premiums for many insured depository institutions. In 2010, the FDIC increased the Deposit Insurance Fund s target reserve ratio to 2.0% of insured deposits following the Dodd-Frank Act s elimination of the 1.5% cap on the insurance fund s reserve ratio, and the FDIC as put in place a restoration plan to restore the Deposit Insurance Fund to its 1.35% minimum reserve ratio managed by the Dodd-Frank Act by September 30, 2020. If recent increases in premiums are insufficient for the Deposit Insurance Fund to meet its funding requirements, further special assessments or increases in deposit insurance premiums may be required. Further, if there are additional financial institution failures that affect the Deposit Insurance Fund, Guaranty may be required to pay higher FDIC premiums. Guaranty s FDIC insurance related costs were $671,000 for the year ended December 31, 2017, compared to $1.2 million for the year ended December 31, 2016, and $743,000 for the year ended December 31, 2015. Any future additional assessments, increases or required prepayments in FDIC insurance premiums could adversely affect Guaranty s earnings and results of operations.

The Federal Reserve may require Guaranty to commit capital resources to support GBT.

The Federal Reserve requires a bank holding company to act as a source of financial and managerial strength to its subsidiary banks and to commit resources to support its subsidiary banks. Under the source of strength doctrine that was codified by the Dodd-Frank Act, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank at times when the bank holding company may not be inclined to do so and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. Accordingly, Guaranty could be required to provide financial assistance to GBT if it experiences financial distress.

A capital injection may be required at a time when Guaranty s resources are limited, and Guaranty may be required to borrow the funds or raise capital to make the required capital injection. Any loan by a bank holding company to its subsidiary bank is subordinate in right with payment to deposits and certain other indebtedness of such subsidiary bank. In the event of a bank holding company s bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the holding company s general unsecured creditors, including the holders of any note obligations. Thus, any borrowing by a bank holding company for the purpose of making a capital injection to a subsidiary bank often becomes more difficult and expensive relative to other corporate borrowings.

Guaranty could be adversely affected by the soundness of other financial institutions.

Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Guaranty has exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks and other institutional clients. Many of these transactions expose Guaranty to credit risk in the event of a default by a counterparty or client. In addition, Guaranty s credit risk may be exacerbated when its collateral cannot be foreclosed upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due. Any such losses could adversely affect Guaranty s business, financial condition and results of operations.

Monetary policies and regulations of the Federal Reserve could adversely affect Guaranty s business, financial condition and results of operations.

In addition to being affected by general economic conditions, Guaranty s earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the U.S. money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market purchases and sales of securities by the Federal Reserve, adjustments of both the discount rate and the federal funds rate and changes in reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. Although Guaranty cannot determine the effects of such policies on Guaranty at this time, such policies could adversely affect Guaranty s business, financial condition and results of operations.

Guaranty is subject to commercial real estate lending guidance issued by the federal banking regulators that impacts its operations and capital requirements.

The federal banking regulators have issued guidance regarding concentrations in commercial real estate lending directed at institutions that have particularly high concentrations of commercial real estate loans within their lending portfolios. This guidance suggests that institutions whose commercial real estate loans exceed certain percentages of capital should implement heightened risk management practices appropriate to their concentration risk and may be required to maintain higher capital ratios than institutions with lower concentrations in commercial real estate lending.

Based on Guaranty s commercial real estate concentration as of December 31, 2017, Guaranty believes that it is operating within the guidelines. However, increases in

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Guaranty s commercial real estate lending, particularly as Guaranty expands into metropolitans markets and make more of these loans, could subject Guaranty to additional supervisory analysis. Guaranty cannot guarantee that any risk management practices Guaranty implements will be effective to prevent losses relating to its commercial real estate portfolio. Management has implemented controls to monitor its commercial real estate lending concentrations, but Guaranty cannot predict the extent to which this guidance will impact its operations or capital requirements.

Risks Related to Investment in Guaranty Common Stock

The market price of Guaranty common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.

The market price of Guaranty common stock may be highly volatile, which may make it difficult for you to resell your shares at the volume, prices and times desired. There are many factors that may affect the market price and trading volume of Guaranty common stock, including, without limitation:

- actual or anticipated fluctuations in Guaranty s operating results, financial condition or asset quality;
- changes in economic or business conditions;
- the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;
- publication of research reports about Guaranty, its competitors, or the financial services industry generally, or changes in, or failure to meet, securities analysts estimates of its financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;
- operating and stock price performance of companies that investors deemed comparable to Guaranty;
- additional or anticipated sales of Guaranty common stock or other securities by Guaranty or its existing shareholders;
- additions or departures of key personnel;
- perceptions in the marketplace regarding Guaranty s competitors or Guaranty, including the perception that investment in Texas is unattractive or less attractive during periods of low oil prices;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Guaranty s competitors or Guaranty;

- other economic, competitive, governmental, regulatory and technological factors affecting Guaranty s operations, pricing, products and services; and

- other news, announcements or disclosures (whether by Guaranty or others) related to Guaranty, its competitors, its primary markets or the financial services industry.

The stock market and, in particular, the market for financial institution stocks have experienced substantial fluctuations in recent years, which in many cases have been unrelated to the operating performance and prospects of particular companies. In addition, significant fluctuations in the trading volume in Guaranty common stock may cause significant price variations to occur. Increased market volatility may materially and adversely affect the market price of Guaranty common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

The market price of Guaranty common stock could decline significantly due to actual or anticipated issuances or sales of Guaranty common stock in the future.

Guaranty may issue shares of Guaranty common stock or other securities from time to time as consideration for future acquisitions and investments and pursuant to compensation and incentive plans. If any such acquisition

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or investment is significant, the number of shares of Guaranty common stock, or the number or aggregate principal amount, as the case may be, of other securities that Guaranty may issue may in turn be substantial. Guaranty may also grant registration rights covering those shares of Guaranty common stock or other securities in connection with any such acquisitions and investments.

Guaranty cannot predict the size of future issuances of Guaranty common stock or the effect, if any, that future issuances and sales of Guaranty common stock will have on the market price of Guaranty common stock. Sales of substantial amounts of Guaranty common stock (including shares of Guaranty common stock issued in connection with an acquisition or under a compensation or incentive plan), or the perception that such sales could occur, may adversely affect prevailing market prices for Guaranty common stock and could impair its ability to raise capital through future sales of Guaranty s securities.

Securities analysts may not initiate or continue coverage on Guaranty.

The trading market for Guaranty common stock depends, in part, on the research and reports that securities analysts publish about Guaranty and its business. Guaranty does not have any control over these securities analysts, and they may not cover it. If one or more of these analysts cease to cover Guaranty or fail to publish regular reports on Guaranty, Guaranty could lose visibility in the financial markets, which could cause the price or trading volume of Guaranty common stock to decline. If Guaranty is covered by securities analysts and are the subject of an unfavorable report, the price of Guaranty common stock may decline.

Guaranty s management and the Guaranty Board have significant control over Guaranty s business.

As of December 31, 2017, Guaranty s directors, GBT s directors and named executive officers beneficially owned an aggregate of 3,068,763 shares, or approximately 27.8%, of Guaranty s issued and outstanding shares of common stock, including 316,432 shares that are held by the Guaranty Bancshares, Inc. Employee Stock Ownership Plan with 401(k) Provisions (which we refer to as the KSOP) and allocated to the accounts of Guaranty s named executive officers. As of December 31, 2017, the KSOP owned an aggregate of 1,314,277 shares, or approximately 11.9% of Guaranty s issued and outstanding shares. A committee consisting of four independent directors of Guaranty (which we refer to as the KSOP Committee), currently serves as trustee of the KSOP. Each KSOP participant will have the right to vote the shares allocated to such participant s account on all matters requiring a vote of Guaranty s shareholders, but the KSOP Committee, as trustee of the KSOP, retains sole voting power over all shares held by the KSOP that are not allocated to participants accounts and all shares for which they have received no voting instructions from the participant. As of December 31, 2017, there were no shares owned by the KSOP that were unallocated to participants accounts.

As a result of their significant control over Guaranty s business, Guaranty s management and the Guaranty Board may be able to significantly affect the outcome of the election of directors and the potential outcome of other matters submitted to a vote of Guaranty s shareholders, such as mergers, the sale of substantially all of Guaranty s assets and other extraordinary corporate matters. The interests of these insiders could conflict with the interests of Guaranty s other shareholders.

The holders of Guaranty s existing debt obligations, as well as debt obligations that may be outstanding in the future, will have priority over Guaranty common stock with respect to payment in the event of liquidation, dissolution or winding up and with respect to the payment of interest.

In the event of any liquidation, dissolution or winding up of Guaranty, Guaranty common stock would rank below all claims of debt holders against Guaranty. As of December 31, 2017, Guaranty had a senior, unsecured line of credit with an available balance of $25.0 million, but no amounts advanced, Guaranty had $3.5 million of subordinated debt obligations and approximately $10.3 million of junior subordinated debentures issued to statutory trusts that, in turn, issued $10.0 million of trust preferred securities. Payments of the principal and interest on the trust preferred securities are conditionally guaranteed by Guaranty. Guaranty s debt obligations are senior to shares of Guaranty common stock. As a result, Guaranty must make payments on its debt obligations before any dividends can be paid on Guaranty common stock. In the event of Guaranty s bankruptcy, dissolution or liquidation, the holders of its debt obligations must be satisfied before any distributions can be made to the holders of Guaranty common stock. Guaranty has the right to defer distributions on its junior subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid to holders of Guaranty common stock. To the extent that Guaranty issues additional debt obligations or junior subordinated debentures, the additional debt obligations or additional junior subordinated debentures will be of equal rank with, or senior to, Guaranty s existing debt obligations and senior to shares of Guaranty common stock.

Guaranty may issue shares of preferred stock in the future, which could make it difficult for another company to acquire Guaranty or could otherwise adversely affect holders of Guaranty common stock, which could depress the price of Guaranty common stock.

Guaranty s certificate of formation authorizes it to issue up to 15,000,000 shares of one or more series of preferred stock. The Guaranty Board has the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by its shareholders. Guaranty preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of Guaranty common stock. The potential issuance of preferred stock may delay or prevent a change in control of Guaranty, discouraging bids for Guaranty common stock at a premium over the market price, and materially adversely affect the market price and the voting and other rights of the holders of Guaranty common stock.

Guaranty is an emerging growth company, and the reduced regulatory and reporting requirements applicable to emerging growth companies may make Guaranty common stock less attractive to investors.

Guaranty is an emerging growth company, as defined in the federal Jumpstart Our Business Startups Act of 2012 (which we refer to as the JOBS Act). For as long as Guaranty continues to be an emerging growth company, it may take advantage of reduced regulatory and reporting requirements that are otherwise generally applicable to public companies. These include, without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced financial reporting requirements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments. The JOBS Act also permits an emerging growth company such as Guaranty to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. However, Guaranty has irrevocably opted out of this provision, and Guaranty will comply with new or revised accounting standards to the same extent that compliance is required for non-emerging growth companies.

Guaranty may take advantage of these provisions for up to five years, unless it earlier cease to be an emerging growth company, which would occur if its annual gross revenues exceed $1.0 billion, if it issues more than $1.0 billion in non-convertible debt in a three-year period or if the market value of its common stock held by non-affiliates exceeds $700.0 million as of any June 30, in which case Guaranty would no longer be an emerging growth company as of the following December 31. Investors may find Guaranty common stock less attractive because Guaranty intends to rely on certain of these exemptions, which may result in a less active trading market and increased volatility in Guaranty s stock price.

Guaranty is dependent upon GBT for cash flow, and GBT s ability to make cash distributions is restricted.

Guaranty s primary tangible asset is GBT. As such, Guaranty depends upon the GBT for cash distributions (through dividends on GBT s common stock) that Guaranty uses to pay its operating expenses, satisfy its obligations (including its subordinated debentures and its other debt obligations) and to pay dividends on Guaranty common stock. Federal statutes, regulations and policies restrict GBT s ability to make cash distributions to Guaranty. These statutes and regulations require, among other things, that GBT maintain certain levels of capital in order to pay a dividend. Further, the OCC has the ability to restrict GBT s payment of dividends by supervisory action. If GBT is unable to pay dividends to Guaranty, Guaranty will not be able to satisfy its obligations or pay dividends on Guaranty common stock.

Guaranty s dividend policy may change without notice, and Guaranty s future ability to pay dividends is subject to restrictions.

Guaranty anticipates that dividends will be declared and paid in the month following the end of each calendar quarter, and Guaranty anticipates paying a quarterly dividend on Guaranty common stock in an amount equal to approximately 25.0% to 30.0% of its net income for the immediately preceding quarter. However, holders of Guaranty common stock are entitled to receive only such cash dividends as the Guaranty Board may declare out of funds legally available for such payments. Any declaration and payment of dividends on common stock will depend upon Guaranty s earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, its ability to service any equity or debt obligations senior to the common stock and other factors deemed relevant by the Guaranty Board. Furthermore, consistent with Guaranty s strategic plans, growth initiatives, capital availability, projected liquidity needs and other factors, Guaranty has made, and will continue to make, capital management decisions and policies that could adversely affect the amount of dividends, if any, paid to its common shareholders.

The Federal Reserve has indicated that bank holding companies should carefully review their dividend policy in relation to the organization s overall asset quality, current and prospective earnings and level, composition and quality of capital. The guidance provides that Guaranty informs and consults with the Federal Reserve prior to declaring and paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in an adverse change to Guaranty s capital structure, including interest on the subordinated debentures underlying its trust preferred securities and its other debt obligations. If required payments on Guaranty s outstanding junior subordinated debentures, held by Guaranty s unconsolidated subsidiary trusts, or its other debt obligations, are not made or are deferred, or dividends on any preferred stock it may issue are not paid, Guaranty will be prohibited from paying dividends on Guaranty common stock.

Guaranty s corporate organizational documents and provisions of federal and state law to which Guaranty is subject contain certain provisions that could have an anti-takeover effect and may delay, make more difficult or prevent an attempted acquisition that you may favor or an attempted replacement of the Guaranty Board or management.

Guaranty s certificate of formation and bylaws (each as amended and restated) may have an anti-takeover effect and may delay, discourage or prevent an attempted acquisition or change of control or a replacement of the Guaranty Board or management. Guaranty s governing documents include provisions that:

- empower the Guaranty Board, without shareholder approval, to issue Guaranty preferred stock, the terms of which, including voting power, are to be set by the Guaranty Board;

- divide the Guaranty Board into three classes serving staggered three-year terms;

- provide that directors may only be removed from office for cause and only upon a majority shareholder vote;

eliminate cumulative voting in elections of directors;

permit the Guaranty Board to alter, amend or repeal Guaranty s amended and restated bylaws or to adopt new bylaws;

require the request of holders of at least 50.0% of the outstanding shares of Guaranty s capital stock entitled to vote at a meeting to call a special shareholders meeting;

prohibit shareholder action by less than unanimous written consent, thereby requiring virtually all actions to be taken at a meeting of the shareholders;

require shareholders that wish to bring business before annual or special meetings of shareholders, or to nominate candidates for election as directors at Guaranty s annual meeting of shareholders, to provide timely notice of their intent in writing; and

enable the Guaranty Board to increase, between annual meetings, the number of persons serving as directors and to fill the vacancies created as a result of the increase by a majority vote of the directors present at a meeting of directors.

In addition, certain provisions of Texas law, including a provision which restricts certain business combinations between a Texas corporation and certain affiliated shareholders, may delay, discourage or prevent an attempted acquisition or change in control. Furthermore, banking laws impose notice, approval, and ongoing regulatory requirements on any shareholder or other party that seeks to acquire direct or indirect control of an FDIC-insured depository institution or its holding company. These laws include the Bank Holding Company Act of 1956, as amended (which we refer to as the BHC Act), and the Change in Bank Control Act (which we refer to as the CBCA). These laws could delay or prevent an acquisition.

Furthermore, Guaranty s amended and restated certificate of formation provides that the state courts located in Titus County, Texas, the county in which Guaranty s headquarters in Mount Pleasant lie, will be the exclusive forum for: (a) any actual or purported derivative action or proceeding brought on Guaranty s behalf, (b) any action asserting a claim of breach of fiduciary duty by any of Guaranty s directors or officers, (c) any action asserting a claim against Guaranty or its directors or officers arising pursuant to the TBOC, its certificate of formation, or its bylaws; or (d) any action asserting a claim against Guaranty or its officers or directors that is governed by the internal affairs doctrine. By becoming a shareholder of Guaranty, you will be deemed to have notice of and have consented to the provisions of Guaranty s amended and restated certificate of formation related to choice of forum. The choice of forum provision in Guaranty s amended and restated certificate of formation may limit its shareholders ability to obtain a favorable judicial forum for disputes with Guaranty. Alternatively, if a court were to find the choice of forum provision contained in Guaranty s amended and restated certificate of formation to be inapplicable or unenforceable in an action, Guaranty may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect Guaranty s business, operating results, and financial condition.

An investment in Guaranty common stock is not an insured deposit and is subject to risk of loss.

Any shares of Guaranty common stock you receive will not be savings accounts, deposits or other obligations of any of GBT or non-bank subsidiaries and will not be insured or guaranteed by the FDIC or any other government agency. Your investment will be subject to investment risk, and you must be capable of affording the loss of your entire investment.

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SPECIAL CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and any other written or oral statements made by Guaranty and Westbound from time to time may contain forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. All statements, other than statements of historical fact, included in this proxy statement/prospectus regarding Guaranty s or Westbound s strategy, future operations, financial position, estimated revenues and income or losses, projected costs and capital expenditures, prospects, plans and objectives of management are forward-looking statements. When used in this proxy statement/prospectus, the words plan, endeavor, will, would, could, believe, anticipate, intend, estimate, expect, project, forecast and intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are (or were when made) based on current expectations and assumptions about future events and are (or were when made) based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described in the Risk Factors section of this proxy statement/prospectus. There are or will be important factors that could cause Guaranty s or Westbound s actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to, the following:

- Guaranty s or Westbound s ability to implement its growth strategy, including identifying and consummating suitable acquisitions;
- Guaranty s and Westbound s ability to consummate the merger; risks related to the integration of any businesses Guaranty has acquired or expects to acquire, such as the merger, including exposure to potential asset quality and credit quality risks and unknown or contingent liabilities, the time and costs associated with integrating systems, technology platforms, procedures and personnel, the need for additional capital to finance such transactions, risks associated with entering new markets, and possible failures in realizing the anticipated benefits from acquisitions;
- Guaranty s ability to recruit and retain successful bankers that meet its expectations in terms of customer relationships and profitability;
- Guaranty s ability to retain executive officers and key employees and their customer and community relationships;
- market conditions and economic trends nationally, regionally and particularly in Texas;
- risks related to Guaranty s strategic focus on lending to small to medium-sized businesses;
- the sufficiency of the assumptions and estimates Guaranty or Westbound makes in establishing reserves for potential loan losses;

risks associated with Guaranty s or Westbound s commercial loan portfolio, including the risk for deterioration in value of the general business assets that generally secure such loans;

risks associated with Guaranty s or Westbound s commercial real estate and construction loan portfolios, including the risks inherent in the valuation of the collateral securing such loans;

potential changes in the prices, values and sales volumes of commercial and residential real estate securing Guaranty s or Westbound s real estate loans;

risks related to the significant amount of credit that Guaranty and Westbound have extended to a limited number of borrowers and in a limited geographic area;

Guaranty s or Westbound s ability to maintain adequate liquidity and to raise necessary capital to fund its acquisition strategy and operations or to meet increased minimum regulatory capital levels;

changes in market interest rates that affect the pricing of Guaranty s or Westbound s loans and deposits and its net interest income;

potential fluctuations in the market value and liquidity of Guaranty s or Westbound s investment securities;

the effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;

Guaranty s and Westbound s ability to maintain an effective system of disclosure controls and procedures and internal controls over financial reporting;

risks associated with fraudulent and negligent acts by Guaranty s or Westbound s customers, employees or vendors;

Guaranty s and Westbound s ability to keep pace with technological changes or difficulties when implementing new technologies;

risks associated with system failures or failures to prevent breaches of Guaranty s or Westbound s network security;

risks associated with data processing system failures and errors;

Guaranty s actual cost savings resulting from the Westbound acquisition are less than expected, Guaranty is unable to realize those cost savings as soon as expected or Guaranty incurs additional or unexpected costs;

Guaranty s revenues after the Westbound acquisition are less than expected;

potential impairment on the goodwill Guaranty or Westbound has recorded or may record in connection with the contemplated transaction;

the institution and outcome of litigation and other legal proceedings against Guaranty or Westbound or to which either is or becomes subject;

Guaranty s and Westbound s ability to comply with various governmental and regulatory requirements applicable to financial institutions;

the impact of recent and future legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by Guaranty s regulators, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;

- governmental monetary and fiscal policies, including the policies of the Federal Reserve;

- Guaranty s and Westbound s ability to comply with supervisory actions by federal and state banking agencies;

- changes in the scope and cost of FDIC insurance and other coverage;

- the occurrence of adverse weather or manmade events, which could negatively affect Guaranty s or Westbound s core markets or disrupt Guaranty s or Westbound s operations;

- systemic risks associated with the soundness of other financial institutions; and

- other factors that are discussed in the Risk Factors section of this proxy statement/prospectus.

All forward-looking statements, expressed or implied, included in this proxy statement/prospectus are expressly qualified in their entirety by this cautionary note. This cautionary note should also be considered in connection with any subsequent written or oral forward-looking statements that Guaranty or persons acting on Guaranty s behalf may issue.

Except as otherwise required by applicable law, Guaranty and Westbound disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect new information obtained or events or circumstances that occur after the date any such forward-looking statement is made.

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THE WESTBOUND SPECIAL MEETING

This section contains information for Westbound shareholders about the Westbound special meeting that Westbound has called to allow its shareholders to consider and vote on the Westbound merger proposal. Westbound is mailing this proxy statement/prospectus to you, as a Westbound shareholder, on or about [ ], 2018. This proxy statement/prospectus is accompanied by a notice of the Westbound special meeting and a form of proxy card that the Westbound Board is soliciting for use at the Westbound special meeting and at any adjournments or postponements of the Westbound special meeting.

Date, Time and Place of Westbound Special Meeting

The Westbound special meeting will be held on [ ], 2018 at the Westbound office located at 655 W. Grand Parkway South, Katy, Texas 77494, at [ ]:00 p.m. local time. On or about [ ], 2018, Westbound commenced mailing this document and the enclosed forms of proxy cards to its shareholders entitled to vote at the Westbound special meeting.

Matters to Be Considered

At the Westbound special meeting, (i) the holders of Westbound common stock and Westbound preferred stock will be asked to consider and vote upon the Westbound merger proposal, with each class of shares voting as a separate class, and (ii) the holders of Westbound common stock will be asked to consider and vote upon, if necessary, the Westbound adjournment proposal.

Completion of the merger is conditioned on, among other things, Westbound shareholder approval of the Westbound merger proposal. No other business may be conducted at the Westbound special meeting.

Recommendation of the Westbound Board

On January 28, 2018, the Westbound Board unanimously approved the merger agreement and the transactions contemplated thereby. Based on Westbound s reasons for the merger described in the section of this proxy statement/prospectus entitled The Merger Westbound s Reasons for the Merger; Recommendation of the Westbound Board beginning on page 64, the Westbound Board believes that the merger is in the best interests of Westbound shareholders.

Accordingly, the Westbound Board recommends that its common and preferred shareholders vote **FOR** the Westbound merger proposal and that its common shareholders, if necessary, vote **FOR** the Westbound adjournment proposal.

The Westbound Record Date and Quorum

The Westbound Board has fixed the close of business on [ ], 2018 as the Westbound record date the date for determining the holders of Westbound stock entitled to receive notice of and to vote at the Westbound special meeting.

Westbound common stock. As of the Westbound record date, there were 1,970,071 shares of Westbound common stock outstanding and entitled to notice of, and to vote at, the Westbound special meeting or any adjournment thereof, and such outstanding shares of Westbound common stock were held by 201 holders of record. Each share of Westbound common stock entitles the holder to one vote at the Westbound special meeting on each proposal to be considered at the Westbound special meeting. No business may be transacted by the holders of Westbound common stock at the Westbound special meeting unless a quorum is present.

Westbound preferred stock. As of the Westbound record date, there were 277,811 shares of Westbound preferred stock outstanding and entitled to notice of, and to vote at, the Westbound special meeting or any adjournment thereof, and such outstanding shares of Westbound preferred stock were held by 196 holders of record. Each share of Westbound preferred stock entitles the holder to one vote on the Westbound merger proposal at the Westbound special meeting. No business may be transacted by the holders of Westbound preferred stock at the Westbound special meeting unless a quorum is present.

The holders of a majority of the shares of Westbound stock issued and outstanding and entitled to vote at the Westbound special meeting must be present, either in person or by proxy, to constitute a quorum at the Westbound special meeting. Abstentions and shares held of record by a broker or nominee that are voted on any matter are included in determining whether a quorum exists.

As of the Westbound record date, the directors and executive officers of Westbound and their affiliates beneficially owned and were entitled to vote, in the aggregate, (i) 637,493 shares of Westbound common stock, representing approximately 32.4% of the shares of the Westbound common stock outstanding on that date and (ii) 42,063 shares of Westbound preferred stock, representing approximately 15.1% of the shares of the Westbound preferred stock outstanding on that date. Certain directors and executive officers of Westbound (a total of 8 persons) have entered into agreements with Guaranty to vote the shares of Westbound stock they control in favor of the Westbound merger proposal. As of the Westbound record date, 628,493 shares of Westbound common stock, or approximately 31.9% of the outstanding shares of Westbound common stock, and 42,063 shares of Westbound preferred stock, or approximately 15.1% of the outstanding shares of Westbound preferred stock, entitled to vote at the Westbound special meeting, were subject to the voting agreements. Westbound currently expects that each of its executive officers will vote their respective shares of Westbound stock in favor of the Westbound merger proposal and the Westbound adjournment proposal, if applicable. As of the Westbound record date, Guaranty beneficially held no shares of Westbound stock.

Required Vote; Treatment of Abstentions; Broker Non-Votes and Failure to Vote

The Westbound merger proposal: The affirmative vote of the holders of at least two-thirds of the outstanding shares of Westbound common stock and two-thirds of the outstanding shares of Westbound preferred stock, with each class of shares voting as a separate class, is required to approve the Westbound merger proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or fail to vote in person at the Westbound special meeting or fail to instruct your bank or broker how to vote with respect to the Westbound merger proposal, it will have the effect of a vote AGAINST the proposal.

The Westbound adjournment proposal: The affirmative vote of the holders of a majority of the shares of Westbound common stock entitled to vote on, and that voted for or against or expressly abstained with respect to, the Westbound adjournment proposal is required to approve the proposal. If you mark ABSTAIN on your proxy card, it will have the effect of a vote AGAINST the proposal. If you fail to submit a proxy card or fail to vote in person at the Westbound special meeting or fail to instruct your bank or broker how to vote with respect to the Westbound adjournment proposal, it will have no effect on the proposal.

The Westbound Board encourages you to complete, date and sign the enclosed proxy card that is applicable to your shares of Westbound stock and return it promptly in the enclosed postage-paid envelope so that your voice is heard on these matters.

Voting and Revocation of Proxies

Proxies, in the forms enclosed, which are properly executed and returned and not subsequently revoked, will be voted in accordance with the instructions indicated on the proxies. Any properly executed proxy on which voting instructions are not specified will be voted FOR the Westbound merger proposal and FOR the Westbound adjournment proposal, if applicable.

If you are the record holder of your shares, you may revoke any proxy given pursuant to this solicitation by the Westbound Board at any time before it is voted at the special meeting by:

- giving written notice to the Corporate Secretary of Westbound;
- executing a proxy bearing a later date and delivering that proxy to the Corporate Secretary of Westbound at or before the Westbound special meeting; or
- attending and voting in person at the Westbound special meeting.

All written notices of revocation and other communications with respect to revocation or proxies should be sent to: Westbound Bank, 655 W. Grand Parkway South, Katy, Texas 77494, Attn: Corporate Secretary. If you hold your shares in street name with a bank or broker, you must contact such bank or broker for instructions as to how to revoke your proxy.

Shares Held in Street Name ; Broker Non-Votes

Banks, brokers and other nominees who hold shares of Westbound stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Westbound special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. If your broker, bank or other nominee holds your shares of Westbound stock in street name, your broker, bank or other nominee will vote your shares of Westbound stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank or other nominee with this proxy statement/prospectus.

Solicitation of Proxies; Expenses

This proxy solicitation is made by the Westbound Board. Westbound is responsible for its expenses incurred in preparing, assembling, printing, and mailing this proxy statement/prospectus. Proxies will be solicited through the mail. Additionally, directors and officers of Westbound intend to solicit proxies personally or by telephone or other means of communication. The directors and officers will not be additionally compensated for any such solicitation. Westbound will reimburse banks, brokers, and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding the proxy materials to beneficial owners. In addition, Westbound retains the discretion to engage a third-party proxy solicitor to assist Westbound in soliciting proxies from the Westbound shareholders.

Attending Westbound Special Meeting

All shareholders of Westbound as of the Westbound record date, including shareholders of record and shareholders who hold their shares in street name through banks, brokers, nominees or any other holder of record as of the Westbound record date, are invited to attend the Westbound special meeting. Shareholders of record of Westbound stock can vote in person at the Westbound special meeting. If you are not a shareholder of record as of the Westbound record date, you must obtain a proxy card, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the Westbound special meeting. If you plan to attend the Westbound special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Westbound reserves the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the Westbound special meeting is prohibited without Westbound s express written consent.

A Westbound shareholder who holds shares in street name through a broker, bank, trustee or other nominee (which we refer to as a beneficial owner) who desires to attend the Westbound special meeting in person must bring proof of beneficial ownership as of the Westbound record date, such as a letter from the broker, bank, trustee or other nominee that is the record owner of such beneficial owner s shares, a brokerage account statement or the voting instruction form provided by the broker.

Assistance

If you need assistance in completing your proxy card, have questions regarding Westbound s special meeting or would like additional copies of this proxy statement/prospectus, please contact Valerie Hightower at (713) 554-7615.

WESTBOUND PROPOSALS

The Westbound merger proposal

Westbound is asking its shareholders to approve the Westbound merger proposal. Holders of Westbound stock should read this proxy statement/prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

After careful consideration, the Westbound Board, by a unanimous vote of all directors, approved the merger agreement and declared the merger agreement and the transactions contemplated thereby, including the merger, to be advisable and in the best interest of Westbound and its shareholders. See The Merger Westbound s Reasons for the Merger; Recommendation of the Westbound Board beginning on page 64 of this proxy statement/prospectus for a more detailed discussion of the Westbound Board s recommendation.

The Westbound Board recommends a vote FOR the Westbound merger proposal.

The Westbound adjournment proposal

The Westbound special meeting may be adjourned to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Westbound special meeting to approve the Westbound merger proposal.

If, at the Westbound special meeting, the number of shares of Westbound stock present or represented and voting in favor of the Westbound merger proposal is insufficient to approve the Westbound merger proposal, Westbound intends to move to adjourn the Westbound special meeting in order to enable the Westbound Board to solicit additional proxies for approval of the Westbound merger proposal. In that event, Westbound will ask the holders of Westbound common stock to vote upon the Westbound adjournment proposal, but not the Westbound merger proposal.

In this proposal, Westbound is asking the holders of Westbound common stock to authorize the holder of any proxy solicited by the Westbound Board on a discretionary basis to vote in favor of adjourning the Westbound special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from Westbound shareholders who have previously voted.

The Westbound Board recommends a vote FOR the Westbound adjournment proposal.

THE MERGER

The following discussion contains certain information about the merger. The discussion is subject, and qualified in its entirety by reference, to the merger agreement attached as Annex A *to this proxy statement/prospectus and incorporated herein by reference. Guaranty and Westbound urge you to read carefully this entire proxy statement/prospectus, including the merger agreement attached as* Annex A*, for a more complete understanding of the merger.*

Terms of the Merger

Each of the Guaranty Board and Westbound Board has approved the merger agreement. The merger agreement provides that, subject to the terms and conditions set forth in the merger agreement, Westbound will merge with and into GBT, with GBT continuing as the surviving entity and a wholly-owned subsidiary of Guaranty.

If the merger is completed, subject to the terms of the merger agreement, each share of Westbound stock (other than shares of Westbound stock held in the treasury of Westbound, by Westbound, or by any dissenting shareholder) will be cancelled and converted into the right to receive, without interest (i) the per share stock consideration and (ii) the per share cash consideration, each of which is subject to a possible adjustment based on the Guaranty determination date stock price and the per share cash consideration is also subject to the escrow holdback. Guaranty will not issue any fractional shares of Guaranty common stock in the merger. The Westbound shareholders who would otherwise be entitled to a fraction of a share of Guaranty common stock upon the completion of the merger will instead be entitled to receive, in lieu of the fraction of a share, an amount in cash determined by multiplying (i) the Guaranty determination date stock price by (ii) the fraction of a share of Guaranty common stock which such shareholder would otherwise be entitled to receive.

Westbound s shareholders are being asked to approve the Westbound merger proposal. See the section of this proxy statement/prospectus entitled The Merger Agreement beginning on page 81 for additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the completion of the merger and the provisions for terminating or amending the merger agreement.

Background of the Merger

From time to time, the Westbound Board has engaged in reviews and discussions of Westbound s long-term strategies and objectives, considering ways in which Westbound might enhance and maximize shareholder value. These strategic alternatives included Westbound continuing as an independent institution, forming a bank holding company, as well as establishing or acquiring additional branch offices or other banks.

Westbound s executive management observed the considerable consolidation in the financial institutions industry occurring in recent years. The Westbound Board monitored expansion and acquisition opportunities for several years. In that regard, in July 2017, Westbound retained BAG to advise the Westbound Board as to the general condition and performance of Westbound and to provide general information on the banking market in Houston metropolitan area, Texas as a whole, and the greater southwestern United States, including current merger and acquisition activity, trends and pricing. In late July 2017, before BAG had developed an analysis of potential acquirors and developed marketing materials, representatives from Guaranty contacted Westbound s executive management to discuss a possible transaction involving the merger of Westbound with and into Guaranty s wholly-owned national bank subsidiary, GBT, with GBT surviving the merger. After discussing Guaranty s overture with BAG and Westbound s legal counsel, Hunton & Williams LLP (which we refer to as H&W), the executive committee of the Westbound Board (which we refer to as the Committee) coordinated

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and managed communications with Guaranty with respect to a potential merger transaction. The parties executed a Confidentiality and Non-Disclosure Agreement on July 26, 2017. Thereafter, GBT conducted due diligence on Westbound, facilitated by BAG.

On August 10, 2017, Westbound received a preliminary nonbinding letter of intent from Guaranty. The Committee met on August 14, 2017 to discuss Guaranty s proposal and negotiation of a letter of intent. The Committee, along with BAG and H&W, discussed the merits of Guaranty s proposal, including the proposed merger consideration, quality of the consideration being offered (including the mix of stock and cash consideration offered), the performance history of GBT, and prospects of Guaranty and GBT as future partners Westbound. The Committee reviewed and discussed information from BAG containing significant competitive data on other publicly traded banks, their respective acquisition parties, and the terms of those transactions. In its discussions with Guaranty, the Committee negotiated significant changes to the pricing terms of the offer, including the mix of cash and stock components of consideration in the offer and the termination fee. The Committee s negotiations on these points were supported by refinements to BAG s analysis and H&W s legal analysis of termination fee provisions. However, in the midst of the parties negotiation of the letter of intent, Hurricane Harvey made landfall on the Texas coast, producing catastrophic flash flooding in and around the Houston metropolitan area. Because of the damage inflicted by Hurricane Harvey, Guaranty terminated negotiations.

In mid-November 2017, Westbound received an unsolicited acquisition proposal from an unnamed party (which we refer to as Bank 2). Following an unsolicited phone call from Bank 2 s chairman, Bank 2 sent a mutual confidentiality agreement to Westbound for its review on November 17, 2017. Westbound did not execute the mutual confidentiality agreement. Nonetheless, on November 22, 2017, Bank 2 sent Westbound an unsolicited letter of intent proposing the merger of Westbound with and into Bank 2 s wholly-owned banking subsidiary. After consulting with BAG and H&W, the Westbound Board decided not to enter into negotiations with Bank 2. At the direction of the Westbound Board, Westbound s management communicated Westbound s rejection of the proposal to Bank 2 s representative.

Subsequently, in late November 2017, representatives of Guaranty contacted Westbound s executive management about renewing potential merger discussions. After due consideration, the Committee indicated its willingness to re-engage with Guaranty. In mid-December 2017, Guaranty submitted an updated indication of interest to Westbound. The Westbound Board reviewed the terms of Guaranty s indication of interest and discussed the structure of the proposed transaction. With the assistance of BAG and legal counsel, the Westbound Board considered, among other things, the amount and form of the consideration being offered, the financial condition and earning prospects of Westbound, the cost savings and synergies of the proposed transaction to the parties, and the effect of the potential transaction on Westbound, its employees and customers, the communities in which it operates, and the shareholders of Westbound. As a result of the parties negotiations, the Westbound Board approved the letter of intent from Guaranty as of December 15, 2017 and executed the letter of intent with Guaranty on December 20, 2017. The Westbound Board also authorized the Committee to begin negotiating a definitive agreement with respect to a potential transaction with Guaranty. Pursuant to the letter of intent, the definitive agreement negotiated by the parties was to include, among other things: (i) mixed stock and cash consideration in exchange for Westbound s capital stock and options with respect thereto; (ii) the ability of Westbound to make a special pre-closing dividend to its shareholders and option holders; (iii) an outside closing date of September 30, 2018; and (iv) an exclusivity and fiduciary out provision for Westbound subject to a $1,515,000 termination fee.

Guaranty continued to conduct additional diligence on Westbound throughout December 2017 and January 2018, and, in the latter half of January 2018, Westbound (with the assistance of H&W and BAG) conducted reverse due diligence with respect to Guaranty and GBT. In light of the on-going diligence processes, the parties amended the letter of intent to extend the exclusivity period to January 26, 2018. Management of each party, with the assistance of their respective financial and legal advisors, held various meetings to discuss due diligence and other transactional matters. During this time, legal counsel for the parties began the process of negotiating the definitive agreement.

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On January 5, 2018, Guaranty s legal advisor, Fenimore Kay Harrison & Ford LLP, delivered the initial draft of the definitive merger agreement to Westbound s counsel. Related to this, the Committee authorized BAG to begin its process of rendering a fairness opinion with respect to the merger consideration to be received by Westbound (and ultimately the shareholders of Westbound) in connection with the merger.

Counsel to the parties continued negotiating the terms of the merger agreement throughout January 2018. As part of these negotiations, Guaranty proposed a modification of the structure of the consideration set forth in the letter of intent. For the sole purpose of indemnifying Guaranty for potential losses associated with a group of loans identified during due diligence, Guaranty proposed that $2.0 million of the cash consideration to be paid to Westbound s shareholders under the merger agreement be placed in an escrow account. Guaranty proposed that these escrowed funds be disbursed to Westbound s shareholders following consummation of the merger depending upon the performance of the loans subject to the escrow agreement and in accordance with the terms negotiated by the parties in such agreement.

On January 26, 2018, the Westbound Board held a meeting at which the merger agreement (and all ancillary agreements, including the escrow agreement) and merger were reviewed and discussed at length. H&W presented an overview of fiduciary duties and the reverse due diligence that was performed with respect to Guaranty and GBT. H&W then discussed in detail the terms of the transaction, including the merger consideration, representations and warranties, covenants, the concept of the fiduciary out provision and the termination fee, and other related matters. Representatives of BAG and H&W reviewed the merger agreement with the Westbound Board and BAG delivered its written fairness opinion, dated January 26, 2018, providing that the consideration to be received by the shareholders of Westbound in the transaction was fair from a financial point of view (which is discussed in more detail in the section of this proxy statement/prospectus entitled The Merger Opinion of Westbound s Financial Advisor beginning on page 66). In order to provide each of the directors with sufficient time to review the transaction documents and the presentation materials of BAG and H&W, the Westbound Board decided to delay a decision at that time and to re-convene on January 28, 2018.

On the afternoon of January 28, 2018, the Westbound Board reconvened by telephone conference along with legal counsel and representatives from BAG. After having time to further review the merger transaction documents, to consider the presentation and opinion of BAG, and to explore and evaluate the terms of transaction, the Westbound Board concluded that the merger with GBT was in the best interests of Westbound and its shareholders, employees, and the communities that it serves. At the conclusion of the meeting, the Westbound Board unanimously approved the merger agreement and the merger.

During this time, Westbound also negotiated a confidential settlement and mutual release of claims with two of its shareholders (which we refer to as collectively as the Shareholders). In October 2015, Westbound and the Shareholders had entered into a confidential shareholder agreement (which we refer to as the Shareholder Agreement) that, among other things, provided for the resolution of certain disputes and obligated Westbound and the Shareholders to take action in connection with certain matters. In January 2018, a dispute arose between Westbound and the Shareholders with respect to matters in the Shareholder Agreement. Westbound, with the assistance of H&W, negotiated a settlement and mutual release of claims agreement with the Shareholders (which we refer to as the Settlement Agreement). Pursuant to the Settlement Agreement, Westbound agreed to release its claims against the Shareholders in exchange for a certain settlement payment. On January 28, 2018, the Shareholders tendered the settlement payment to Westbound and the parties executed the Settlement Agreement, effective simultaneously, resolving the dispute.

Westbound s Reasons for the Merger; Recommendation of the Westbound Board

The Westbound Board has unanimously approved the merger agreement and unanimously recommends that Westbound shareholders vote FOR approval of the Westbound merger proposal.

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The Westbound Board has determined that the merger is fair to, and in the best interests of, Westbound s shareholders. In approving the merger agreement, the Westbound Board consulted with BAG with respect to the financial aspects and the financial fairness of the merger, and with its outside legal counsel as to its legal duties and the terms of the merger agreement. In reaching a determination to approve the merger agreement and the transactions contemplated thereby, including the merger of Westbound with and into GBT, the Westbound Board considered a number of factors, both positive and negative, and potential benefits and detriments of the merger to Westbound and its shareholders. The Westbound Board identified the following factors and benefits of the merger that, among others, it believes support its decision and recommendation:

- The business, operations, management, financial and regulatory condition, asset quality, earnings and prospects of Westbound, Guaranty, and GBT compared to the risks and challenges associated with the continued operation of Westbound independent of Guaranty and GBT;

- The financial presentation of BAG to the Westbound Board on January 26, 2018 and BAG s opinion to the Westbound Board, dated January 26, 2018, to the effect that, as of the date of such opinion, based upon and subject to the factors and assumptions set forth in such opinion, the consideration in the merger agreement was fair from a financial point of view to Westbound s shareholders;

- The merger of Westbound with and into GBT, with GBT surviving as the resulting bank, will allow for an ability to achieve economies of scale, including enhanced opportunities for Westbound s clients, customers and other constituencies within the communities in which Westbound operates;

- The potential synergies and diversification from the merger relating to enhanced product offerings and customer service opportunities exceeded the level reasonably achievable by Westbound on a basis independent of Guaranty and GBT;

- The anticipated cost savings from expected efficiencies to be achieved in operations and systems, while achieving a greater ability to respond to increasing regulation and compliance requirements;

- The merger will provide a resource for complementary areas of expertise, particularly among those members of senior management of Westbound who are retained as continuing employees;

- That Westbound s shareholders will have the opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of Guaranty s common stock following the merger;

- That Westbound s shareholders will gain liquidity through receipt of Guaranty s common stock and cash;

- That Guaranty s financial condition, earnings and prospects make it more likely that Westbound will have a superior financial condition, increased financial stability, and better future access to capital, greater ability to spread business strategy execution risks across a larger enterprise and additional options for future potential strategic alternatives on an independent basis;

- The likelihood that the merger agreement will be completed in compliance with applicable law, including the likelihood that the regulatory approvals needed to consummate the merger will be obtained in a timely fashion; and

- The ability of the Westbound Board to withdraw or modify its recommendation in favor of the merger agreement under certain circumstances, including the ability to terminate the merger agreement in connection with a Superior Proposal subject to payment of termination fee of $1,515,500.

The Westbound Board also considered in its deliberations a variety of uncertainties and risks concerning the merger, including the following:

- The possibility that the merger may not be consummated, or that completion of the merger may be unduly delayed, for reasons beyond the control of Westbound, Guaranty, or GBT;

The potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the merger and the potential effect on Westbound s business and relations with customers, service providers and other stakeholders (including creditors), whether or not the merger is completed;

The requirement that Westbound conduct its business in the ordinary course and the other restrictions on the conduct of its business prior to completion of the merger, which may delay or prevent Westbound from undertaking business opportunities that may arise pending completion of the merger;

That because the aggregate stock consideration in the merger is a fixed exchange ratio of shares of Guaranty s common stock and is subject to adjustment as set forth in the merger agreement, Westbound s shareholders could be adversely affected by a decrease in the trading price of Guaranty s common stock during the pendency of the merger (although Westbound s shareholders could also benefit from any increase in the trading price of Guaranty s common stock during the pendency of the merger within the parameters of the collar);

That Guaranty will deposit $2.0 million of the aggregate cash consideration, subject to adjustment, into an escrow account to be held therein and distributed to the Westbound shareholders only in accordance with the terms and conditions of the escrow agreement, which is a deduction to the shareholder cash consideration to be received at closing; and

The potential that the non-solicitation covenants and the termination fee provisions in the Agreement could have the effect of discouraging an alternative proposal for Westbound.

The reasons set out above for the merger are not intended to be exhaustive but do include all material factors considered by the Westbound Board in approving the merger. In reaching its determination, the Westbound Board did not assign any relative or specific weights to different factors, and individual directors may have given different weights to different factors. Based on the reasons stated, the Westbound Board believed that the merger was in the best interest of Westbound s shareholders, and therefore the Westbound Board unanimously approved the merger agreement and the merger. In addition, all members of the Westbound Board have entered into a voting agreement requiring them to vote the shares of Westbound stock over which they have voting authority in favor of the merger agreement.

THE WESTBOUND BOARD UNANIMOUSLY RECOMMENDS THAT HOLDERS OF WESTBOUND STOCK VOTE FOR THE MERGER AGREEMENT AND THE MERGER.

Opinion of Westbound s Financial Advisor

Westbound retained BAG to render financial advisory and investment banking services and to render a written opinion to the Westbound Board as to the fairness, from a financial point of view, of the merger consideration to be paid by Guaranty to shareholders of Westbound, as set forth in the merger agreement. BAG advises community banks across the United States and specializes in bank mergers & acquisitions including brokering banks and bank stock valuations. In the ordinary course of business, BAG and its affiliates may provide investment banking and other financial services to other companies and entities. BAG has been involved in numerous bank related business combinations. No limitations were imposed by Westbound upon BAG with respect to rendering its opinion.

At the January 26, 2018 meeting of the Westbound Board at which it considered the merger agreement, BAG delivered its written opinion that, as of such date, the merger consideration was fair to the shareholders of Westbound from a financial point of view. At the January 28, 2018 meeting at which the Westbound Board approved the merger agreement, BAG confirmed its position with respect to its written fairness opinion.

The full text of BAG s opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered, and qualifications and

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limitations on the review undertaken by BAG in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. You are encouraged to read the entire opinion carefully in connection with your consideration of the Westbound merger proposal.

The opinion speaks only as of the date of the opinion. The opinion was directed to the Westbound Board and is directed only to the fairness, from a financial point of view, of the merger consideration to the shareholders of Westbound. It does not address the underlying business decision to engage in the merger or any other aspect of the merger and is not a recommendation to any shareholder as to how such shareholder should vote respect to the merger agreement or any other matter.

Underlying Analyses for the Written Fairness Opinion

For the purpose of its analysis and the discussion that follows, BAG assumed a total deal value equaling $40.32 million, representing:

- Aggregate Merger Consideration of $34.6 million, representing a combination of Guaranty common stock and cash; and

- A special dividend estimated at $5.72 million in the aggregate (equaling the amount of Westbound s final adjusted tangible equity that exceeds $16.5 million) to be paid to the Westbound shareholders and holders of Westbound options prior to closing.

The estimate of the $5.72 million special dividend is based on BAG s estimation of the net income Westbound will generate and retain prior to the closing, together with a forecast of deal-related costs and expenses (adjustments) that will be incurred and accrued prior to the closing. While BAG made informed and reasonable estimations in both respects, neither of the components are certain to be precise and, as such, the estimated special dividend of $5.72 million will not necessarily represent the actual special dividend Westbound ultimately will pay.

In arriving at its conclusion for the written opinion, BAG relied primarily on two broad methods of evaluation: (i) income/earnings value; and (ii) market value.

- Income value, sometimes referred to as earnings value, represents an estimate of the present value of future earnings or cash flow. In addition, another popular valuation method in determining an income or earnings value is to determine current annual benefits (earnings, cash flow, dividends, etc.), and then capitalize them using either an appropriate yield or price-earnings multiple.

- Market value represents an estimate of the price a willing buyer and a willing seller would agree upon in connection with a sale of a control block of stock in comparison with the market prices at which control of similar banking organizations have been sold previously.

Income/Earnings Value

The income or earnings value of any banking organization s stock is, simply stated, an estimate of the present value of the future benefits, usually earnings or cash flow, that will accrue to the stock. The earnings value is comprised of two major components: (i) the present value of annual future earnings as projected for a certain number of periods; and (ii) the residual value as determined at the end of the projected number of periods. In this circumstance, BAG relied upon earnings in perpetuity for determining the residual value. BAG believes the utilization of net earnings, rather than cash flows, for the calculation of the present value and the residual value is appropriate given the minimal level of long-term, non-earning assets typically held by a community banking organization.

BAG developed and then utilized financial projections (FY2018 FY2029) for Westbound as the fundamental basis for the initial earnings stream employed in BAG s present value calculation. BAG s financial

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projections for Westbound were based on BAG s analysis of the banking industry, market area, and current financial condition and historical levels of growth and earnings for Westbound, as well as information provided to BAG by the management of Westbound and conversations with Westbound s management.

In addition, the present value analysis goes one step further and considers the present value of Westbound s future earnings stream on an as if acquired basis assuming a range of estimated merger savings.

In this instance, BAG assumed merger savings equaling 20.0%, 25.0% and 30.0% of Westbound s projected total noninterest expense. Based on BAG s experience analyzing bank acquisitions for community bank acquirers and given that Westbound will merge with and into Guaranty, but that Guaranty has no established presence in the markets served by Westbound nor surrounding markets, BAG views potentially realizable merger savings in the 20.0%-25.0% range as entirely plausible, and those at the 30.0% level as ambitious, but potentially achievable.

Assuming merger savings equaling 30.0% (the high end of the range of the projected merger savings) of Westbound s projected total noninterest expense, the present value of Westbound s net earnings stream equals $45.3 million assuming the use of a 14.0% discount rate (or required rate of return), and $39.5 million assuming a 15.5% discount rate. Assuming merger savings equaling 25.0% (the mid-point of the range of the projected merger savings) of Westbound s projected total noninterest expense, the present value of Westbound s net earnings stream equals $43.1 million assuming the use of a 14.0% discount rate, and $37.5 million assuming a 15.5% discount rate.

There is no specific rule of thumb regarding the most appropriate discount rate; each investor has different expectations for the expected return on capital and thus each might employ a different discount rate.

In this instance considering the stand-alone financial projections for Westbound, which include a material increase in Westbound s projected earnings from 2018 through 2023, together with projected merger savings BAG is inclined to use a discount rate at the higher end of the 12.0%-15.0% range that typically might be used for a community banking organization with lower near-term projected stand-alone earnings growth rates. Accordingly, BAG believes the use of a discount rate of 14.5% or 15.0% is appropriate.

In summary, relative to the present value of Westbound s forecast net earnings stream, on an as if acquired basis, BAG concluded that the total deal value of $40.32 million appears financially adequate from a present value analysis standpoint.

Market Value

BAG maintains a sizable database of information pertaining to the prices paid for U.S. banking organizations. The database includes transactions involving banking organizations throughout the United States and provides comparable pricing and financial performance data for banking organizations acquired in the United States since 1989. BAG has the capability of sorting the records to yield transactions involving similar banking organizations. Similarities might include banking organizations within a specific asset size range, banking organizations that generate a return on average assets (which we refer to as ROA) or a return on average equity capital (which we refer to as ROE) within a specified range, banking organizations that have an equity to assets ratio within a certain range, banking organizations that sold for a specific form of consideration (cash or stock), or banking organizations headquartered in various types of markets (rural, community, urban/suburban). The ability to produce specific groups of comparable banking organizations facilitates the making of a valid comparative purchase price analysis.

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BAG considered transaction values for banking organizations acquired in the states of Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas between January 2017 and January 2018 with the following criteria:

Total assets ranging between $100 million and $500 million; and

Reporting a trailing 12-month (which we refer to as LTM) ROA ranging between 0.25% and 1.25%. These transactions are referred to in this section as the Broader Group and included eight banking organizations.

BAG further narrowed the Broader Group to include banking organizations acquired only in the states of Arkansas, Louisiana, Oklahoma, and Texas. These transactions are referred to in this section as the Southwest Group and included four banking organizations.

BAG compared those transaction values and the corresponding financial characteristics for the Broader Group and the Southwest Group in relation to the total deal value of $40.32 million, giving consideration to Westbound s related financial characteristics.

The table set forth below summarizes this comparative analysis:

	# of Deals	Assets (000)	LTM ROA	LTM ROTE(1)	Tangible Core Common Equity Ratio	Total Price (000)	Price/ Tang. Equity	Price/ LTM Earnings	Price/ Assets	Price/ Deposits
Broader Group	8	$ 310,733	0.88%	8.77%	10.18%	$ 42,638	1.36x	16.10x	13.72%	16.19%
Southwest Group	4	$ 262,610	0.73%	7.59%	9.87%	$ 38,747	1.52x	20.55x	14.75%	17.09%
Westbound(2)	1	$ 228,037	0.69%	6.86%	10.30%	$ 40,321	1.73x	25.42x	17.68%	21.39%

(1) Represents return on tangible core common equity (common equity capital, less accumulated other comprehensive income, less intangible assets). For Westbound, tangible core common equity as of December 31, 2017, equaled $23.34 million.

(2) Balance sheet data for Westbound is as of December 31, 2017, and net income data (ROA & ROTE) presented on for the year ending December 31, 2017. For Westbound, 2017 Net Income equaled $1.59 million.

As illustrated on the preceding table, the total deal value of $40.32 million represents 1.73x Westbound s tangible core common equity (which we refer to as TCCE) which was 10.3% of Westbound s total assets as of December 31, 2017. This compares with: an average price-to-tangible core common equity multiple of 1.36x (based on a 10.18% average tangible core common equity ratio) for the eight deals in the Broader Group; and, an average price-to-tangible core common equity multiple of 1.52x (based on a 9.87% average tangible core common equity ratio) for the four deals in the Southwest Group.

As further illustrated, the total deal value of $40.32 million represents 25.42x Westbound s last 12-months net income (which we refer to as LTM NI) (using Westbound s net earnings of $1.59 million for the year ending December 31, 2017). This compares with an average price-to-net earnings multiple of 16.10x for the Broader Group, and 20.55x for the Southwest Group.

A superior method of benchmarking transaction values, in contrast to the more traditional purchase price multiples, involves the use of purchase price in comparison to assets and deposits. Using these benchmarks, the total deal value of $40.32 million translates to 17.68% of Westbound s total assets and 21.39% of total deposits. This contrasts with the average comparable benchmarks of 13.72% (total assets) and 16.19% (total deposits) for the Broader Group; and, 14.75% (total assets) and 17.09% (total deposits) for the Southwest Group. In summary, relative to the average prices paid for comparable commercial banks, BAG concluded that the total deal value of $40.32 million appears financially adequate from a comparative price level standpoint.

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Market Value of Guaranty Common Stock

Since the total deal value of $40.32 million consists partially of Guaranty common stock, BAG prepared an analysis of Guaranty common stock in relation to selected publicly-traded banks based in Texas (which we refer to as the Texas Group). The banking organizations among that group included:

- First Financial Bankshares, Inc. (which we refer to as FFNI)
- Southside Bancshares, Inc. (which we refer to as SBSI)
- Independent Bank Group, Inc. (which we refer to as IBTX)
- Green Bancorp, Inc. (which we refer to as GNBC)
- LegacyTexas Financial Group, Inc. (which we refer to as LTXB)
- Allegiance Bancshares, Inc. (which we refer to as ABTX)
- Veritex Holdings, Inc. (which we refer to as VBTX)
- CBTX, Inc. (which we refer to as CBTX)

BAG compared recent stock price movements for Guaranty in relation to the individual stock price movements for the Texas Group. Looking at the Texas Group on a composite basis, the following analysis, depicted graphically, provides a comparison of stock price movements for Guaranty in relation to the composite stock price movement for the Texas Group from June 30, 2017 to January 22, 2018.

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As compared to Guaranty, the Texas Group used for the comparative analysis possessed the following financial traits, on average:

	Guaranty	Texas Group
Average Asset Size (Million)	$ 1,983	$ 5,584
Return on Assets (LTM)	0.78%	1.07%
Return on Tangible Core Common Equity (LTM)	8.92%	11.77%
Common Equity-to-Assets Ratio	10.56%	12.87%

Set forth below is a comparison of the per share market price of Guaranty common stock, relative to the weighted average and median pricing metrics for the Texas Group based on closing market prices as of January 22, 2018:

	Market Price	Price/ Tangible Core Common Equity	Price/ LTM Earnings	Price/ Assets	Price/ Deposits
Texas Group:					
Arithmetic Mean	/	2.76x	24.72x	24.47%	31.35%
Group Median	/	2.52x	24.24x	26.62%	29.25%
Guaranty	$ 31.48	1.83x	22.07x	17.74%	20.77%

This comparative financial analysis suggests that, at the time of BAG s written opinion, Guaranty common stock traded at pricing metrics comparable to or slightly below the averages and medians for the Texas Group.

Multifaceted Analysis and Items Considered

The summary set forth above does not purport to be a complete description of all the analyses performed by BAG. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analyses and the application of these methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to partial analysis or summary description. BAG did not attribute any particular weight to any analysis or factor considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. BAG believes, and has advised the Westbound Board, that BAG s analyses must be considered as a whole, notwithstanding the separate factors summarized above. Selecting portions of BAG s analyses and factors that were considered, without considering all analyses and factors, could create an incomplete view of the process underlying its opinion.

In performing its analyses, BAG made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond our control. These analyses performed by BAG are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses or securities may actually be sold. Accordingly, such analyses and estimates are inherently subject to uncertainty as they were based upon numerous factors or events beyond the control of the parties or their respective advisors. None of Westbound, Westbound s management, BAG, or any other person assumes responsibility if future results are materially different from those projected. The analyses supplied by BAG and its opinions were among several factors taken into consideration by the Westbound Board in making its decision to enter into the merger agreement and should not be considered as determinative of such decision.

When the investment/earnings value and the market value approaches were appropriately considered, together with BAG s experience in valuing the stocks of community financial institutions and giving consideration to the market value of Guaranty common stock in relation to that of selected exchange-traded banking organizations, BAG believes it has sufficient justification for its assertion that the terms of the merger, including, without limitation, the merger consideration (including the special dividend), are fair, from a financial point of view, to the holders of Westbound stock.

In conducting its review and arriving at the written fairness opinion, BAG, with the consent of Westbound s management, assumed and relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to it by Westbound and Guaranty, or which was publicly available for both Westbound and Guaranty. BAG did not assume any responsibility for the accuracy, completeness or reasonableness of, or undertake any steps to independently verify, this information. In addition, BAG did not conduct any physical inspection of the properties or facilities of Westbound or Guaranty. BAG further relied upon the assurance of Westbound s management that they were unaware of any facts that would make the information provided to BAG on behalf of Westbound incomplete or misleading in any respect. Likewise, BAG relied upon the acknowledgment and understanding of Westbound s management that any information furnished to BAG by or on behalf of Guaranty was relied upon by BAG to be true and accurate in all material respects and to not contain any untrue statement of a material fact or omit a material fact necessary to make the information not misleading. BAG, with the consent of Westbound s management, assumed that any financial information provided to BAG were reasonably prepared by Westbound s management, reflected the best available estimates and good faith judgments of Westbound s management as to Westbound s future performance, and that such financial information and analyses provide a reasonable basis for the written fairness opinion.

BAG met with the management of Westbound and the management of Guaranty regarding the relevant information that has been provided to it, and nothing came to BAG s attention that would lead BAG to conclude that the foregoing reliances and assumptions are unfounded or without merit. However, BAG did not make or obtain any independent evaluations, valuations or appraisals of the assets or liabilities of Westbound or Guaranty.

BAG s services to Westbound in connection with the merger have included serving as financial advisor to the Westbound Board, and rendering its written opinion, from a financial point of view, of the fairness of the merger consideration to the Westbound shareholders. BAG s opinion was based upon economic and market conditions and other circumstances as they existed and could be evaluated by BAG on the date of its opinion. It should be understood that although subsequent developments may affect its written fairness opinion, BAG does not have any obligation to update, revise or reaffirm its written fairness opinion and BAG expressly disclaims any responsibility to do so.

In rendering its written opinion, BAG assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement, and that all conditions to the consummation of the merger agreement will be satisfied without waiver thereof. BAG also assumed that all governmental, regulatory and other consents and approvals contemplated by the merger agreement would be obtained and that, in the course of obtaining any of those consents, no restrictions will be imposed or waivers made that would have an adverse effect on the contemplated benefits of the merger.

Conclusion

Based upon the foregoing analyses and other investigations and assumptions set forth in its opinion, without giving specific weightings to any one factor or comparison, BAG determined that the terms of the merger, including, without limitation, the merger consideration (including the special dividend), are fair, from a financial point of view, to the holders of Westbound stock.

Other Matters

Westbound engaged BAG as financial advisor in connection with the potential merger based on BAG s experience, reputation, and familiarity with Westbound s business. BAG is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions.

Prior to its engagement by Westbound, BAG provided stock valuation and consultation services to Westbound for professional fees totaling $14,000 over the prior four years, exclusive of a $20,000 upfront fee paid by Westbound for services to be rendered by BAG in connection with the potential merger.

BAG Brokerage, Ltd. (a partnership affiliated with BAG) will receive a professional fee estimated at approximately $640,000 for its services in connection with the merger, inclusive of the $20,000 upfront fee noted above. The final fee to be paid by Westbound to BAG Brokerage, Ltd. is dependent, in part, upon the amount of aggregate merger consideration to be received by the Westbound shareholders upon consummation of the merger. As more fully explained herein, the aggregate merger consideration to be received by the Westbound shareholders is subject to adjustment to the extent that the Guaranty determination date stock price is equal to or less than $26.71 or equal to or greater than $36.14. Consequently, the professional fee to be paid by Westbound to BAG Brokerage, Ltd. may fluctuate between approximately $575,000 and $705,000, with $640,000 representing the midpoint.

In addition, Westbound has agreed to indemnify BAG and certain related parties for certain liabilities arising out of or related to the engagement and to reimburse BAG for certain expenses incurred in connection with its engagement.

Certain Westbound Unaudited Financial Information

Guaranty and Westbound do not as a matter of course publicly disclose forecasts or internal projections as to future performance, revenues, earnings, financial condition or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates and the inherent difficulty of accurately predicting financial performance for future periods. In connection with the proposed merger, however, Westbound provided to BAG, for consideration in performing the financial analyses described above under The Merger Opinion of Westbound s Financial Advisor, certain unaudited financial information with respect to Westbound on a stand-alone, pre-merger basis (which we refer to as the financial information).

The financial information was not prepared with a view toward public disclosure, and the discussion of that financial information in this proxy statement/prospectus should not be regarded as an indication that any recipient of such information considered, or now considers, it to be necessarily predictive of actual future results, or that discussion thereof should be construed as financial guidance, and should not be relied on as such. The financial information was prepared solely for internal use and is subjective in many respects. The financial information provided to BAG reflected numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to Westbound s business, all of which are difficult to predict and many of which are beyond Guaranty and Westbound s control.

The financial information provided to BAG also reflects assumptions as to certain business decisions that are subject to change. The financial information reflects subjective judgment in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the financial information constitutes forward-looking information and is subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such financial information, including, but not limited to, Westbound s performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, and regulations or rules. For other factors that could cause the actual results to differ, please see the Risk Factors section and Special Cautionary Note Regarding Forward-Looking Statements in this proxy statement/prospectus.

None of Guaranty, Westbound or their respective affiliates assumes any responsibility for the accuracy, completeness or validity of the financial information. The financial information was not prepared with a view toward complying with the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of financial information. None of Guaranty s current independent registered public accounting firm, Grant Thornton LLP, Westbound s current independent public

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accounting firm, or any other independent accountants, have compiled, examined or performed any procedures with respect to the financial information, or expressed any opinion or any other form of assurance on such financial information.

Furthermore, the financial information does not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the merger agreement. Further, the financial information does not take into account the effect of any possible failure of the merger to occur. None of Guaranty, Westbound (nor its financial advisor), nor any of their affiliates intends to, and each of them disclaims any obligation to, update, revise or correct the financial information if it is or becomes inaccurate (even in the short term). Furthermore, the discussion of the financial information herein should not be deemed an admission or representation by Guaranty or Westbound that they are viewed by Guaranty or Westbound as material information of Guaranty or Westbound, respectively, particularly in light of the inherent risks and uncertainties associated with such forecasts. The discussion of the financial information herein is not being included to influence your decision whether to vote in favor of Westbound merger proposal or any other proposal to be considered at Westbound special meeting and the forecast (discussed below) is being provided solely because it was considered by Westbound s financial advisor.

For purposes of performing a valuation analysis of Westbound, on a stand-alone basis, BAG forecast Westbound s net income at $2.22 million for 2018, $2.60 million for 2019, and $3.01 million for 2020. In addition, BAG assumed an annual growth rate beginning at 9% in 2018, declining gradually thereafter to an annual asset growth rate of 3.50% beginning in 2024 and thereafter. Based on these assumptions, Westbound s return on average assets was forecast at 0.99% in 2018, 1.07% in 2019, and 1.16% in 2020. BAG assumed Westbound paid no dividends over the course of the projection period set forth in this paragraph and, thus, retained 100% of its earnings for equity capital growth. The financial projections referenced in this paragraph were developed in conjunction with the review and comment of Westbound s management.

In addition, Guaranty and Westbound have included in this proxy statement/prospectus certain limited unaudited financial information for Westbound to give Westbound shareholders access to certain public information provided to Westbound s financial advisor for purposes of considering and evaluating the merger. For more information on that limited unaudited financial information, please refer to Selected Historical Financial Data beginning on page 16 of this proxy statement/prospectus.

Guaranty s Reasons for the Merger

After careful consideration, the Guaranty Board, at a meeting held on January 22, 2018, determined that the merger agreement and the transactions contemplated thereby are in the best interests of Guaranty and its shareholders. Accordingly, the Guaranty Board approved the merger agreement.

In evaluating the merger agreement, the merger and the other transactions contemplated thereby, the Guaranty Board consulted with Guaranty s management and legal and financial advisors and, in reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Guaranty Board considered a number of factors, including the following material factors:

- each of Guaranty s, Westbound s, and the combined company s business, operations, financial condition, asset quality, earnings, and prospects;

Westbound s established presence and knowledge of the Houston metropolitan area;

the potential to broaden the scale of Guaranty s organization to include the Houston metropolitan area and the expanded possibilities, including organic growth and future acquisitions, that would be available to the combined company, given its larger size, asset base, capital, and footprint;

the anticipated pro forma impact of the merger on the combined company, including the expected positive impact on financial metrics including earnings, funding sources, and capital;

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- Westbound s complementary management team, which Guaranty believes should facilitate integration and implementation of the merger;
- its review and discussions with Guaranty s management concerning the due diligence examination of Westbound s business;
- the expectation of annual cost savings resulting from the transaction, enhancing efficiencies; and
- the terms of the merger agreement, including the expected tax treatment and deal protection and termination fee provisions, which it reviewed with Guaranty s management and legal advisor.

The Guaranty Board also considered the potential risks related to the merger but concluded that the anticipated benefits of the merger were likely to outweigh these risks. These potential risks include:

- the possibility of encountering difficulties in achieving anticipated cost synergies and savings in the amounts estimated or in the time frame contemplated;
- the possibility of encountering difficulties in completing the merger;
- the possibility of encountering difficulties in successfully integrating Westbound s business, operations, and workforce with those of Guaranty;
- certain anticipated merger related costs;
- the diversion of management attention and resources from the operation of Guaranty s business towards the completion of the merger;
- the regulatory and other approvals required in connection with the merger and the risk that such regulatory approvals will not be received in a timely manner or may impose unacceptable conditions; and
- the merger s effect on Guaranty s regulatory capital levels.

The foregoing discussion of the factors considered by the Guaranty Board is not intended to be exhaustive, but, rather, includes the material factors considered by the Guaranty Board. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Guaranty Board did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Guaranty Board considered all of these factors as a whole and overall considered the factors to be favorable to, and to support, its determination. It should be noted that this explanation of the Guaranty Board s reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Special Cautionary Note Regarding Forward-Looking Statements beginning on page 56.

Interests of Westbound s Directors and Executive Officers in the Merger

In considering the recommendation of the Westbound Board with respect to the merger agreement, you should be aware that certain of Westbound s directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of Westbound shareholders generally. Interests of directors and executive officers that may be different from or in addition to the interests of Westbound shareholders include:

Director Support Agreements. Guaranty has entered into separate support agreements with each of the directors of Westbound, to be effective, if at all, upon completion of the merger. Each of those agreements provides, among other things, that each such director agrees to use reasonable efforts to refrain from harming the goodwill and customer and client relationships of Westbound, as well as certain confidentiality, noncompetition and non-solicitation obligations following the closing date.

Stock Options. Directors Bruce Reichstein, Michael Burns, Troy England, Jerald Reichstein, Robert Kramer and Kenneth Rosenberger collectively hold an aggregate of 194,400 Westbound options. To the extent one or more of those persons do not exercise those Westbound options prior to the effective time, then pursuant to the terms of the merger agreement, like all of the holders of outstanding Westbound options, they will receive cash in connection with the cashout of those Westbound options that are outstanding and unexercised at the effective time. Payments made to the holders of outstanding Westbound options, including these directors, to cash out their Westbound options pursuant to the terms of the merger agreement, will reduce the amount of cash to be issued in exchange for each share of Westbound stock in the merger and, thus, reduce the aggregate merger consideration received by Westbound shareholders in the merger.

Indemnification and Insurance. The directors and officers of Westbound will receive indemnification from Guaranty for a period of six years after completion of the merger to the same extent and subject to the conditions set forth in the articles of association and bylaws of Westbound and continued director and officer liability insurance coverage for such six year period. Payment of the premium for the continued director and officer liability coverage will be considered a transaction expense under the merger agreement and accounted for in determining Westbound s adjusted tangible equity, as more specifically described in the merger agreement.

Employee Benefit Plans. Employees of Westbound who continue on as employees of Guaranty will be entitled to participate as newly hired employees in the employee benefit plans and programs maintained for employees of Guaranty and GBT. These employees will receive credit for their years of service with Westbound for all purposes under the employee welfare benefit plans and other employee benefit plans and programs (other than for purposes of vesting under stock incentive plans and for any purpose under Guaranty s employee stock ownership plan), sponsored by Guaranty or GBT to the extent permitted by applicable law.

Employment Agreements. Guaranty has entered into employment agreements with certain employees of Westbound with certain employees of Westbound, specifically, Troy England, Joseph Catania, Nick Davis, Robert Kramer, and Billijane Tucker, to be effective, if at all, upon completion of the merger. Each of those agreements includes, among other things, certain compensation, benefits and severance obligations, as well as certain confidentiality, noncompetition and non-solicitation obligations following the closing date.

Assignment and Assumption Agreement. Guaranty has entered into an assignment and assumption agreement (which is attached as Exhibit G to the merger agreement and included in Annex A), pursuant to which Westbound will assign to Guaranty and GBT, and Guaranty and GBT will assume, all of the obligations of the current salary continuation agreements of Troy England, Robert Kramer, and B. Ralph Williams, to be effective as of the closing date.

Confidentiality and Non-Solicitation Agreements. Guaranty will enter into confidentiality and non-solicitation agreements with certain officers of Westbound, to be effective, upon completion of the merger.

Public Trading Markets

Guaranty common stock is listed for trading on NASDAQ under the symbol GNTY and will continue to be listed under that symbol following the merger. Under the merger agreement, Guaranty will cause the shares of Guaranty common stock to be issued in the merger to be approved for listing on NASDAQ, subject to notice of issuance, and the merger agreement provides that neither Guaranty nor Westbound will be required to complete the merger if such shares are not authorized for listing on NASDAQ, subject to notice of issuance.

Guaranty s Dividend Policy

Effective January 1, 2008, Guaranty made an election (a Subchapter S election) to be taxed for federal income tax purposes as a Subchapter S corporation under the provisions of Sections 1361 through 1379 of the

Code (an S corporation). Accordingly, Guaranty made quarterly distributions to its shareholders to provide them with funds to pay federal income taxes on the pro rata portion of its taxable income that was passed through to them. Guaranty has also historically declared and paid semi-annual dividends in June and December of each year, based on its earnings. Effective December 31, 2013, Guaranty terminated its Subchapter S election, and Guaranty s dividend policy and practice changed because it is now taxed for federal income tax purposes as a corporation under Subchapter C of the Code (a C corporation) and, therefore, Guaranty no longer pays distributions to provide shareholders with funds to pay federal income taxes on their pro rata portion of Guaranty s taxable income.

Despite the termination of its Subchapter S election, Guaranty paid dividends of $0.50 per share and a special dividend of $1.00 per share for the year ended December 31, 2014, since all dividends Guaranty paid for the first 12 months following the termination of its Subchapter S election were not subject to federal income taxation.

In connection with its initial public offering, the Guaranty Board amended its policy to pay a dividend to holders of its common stock as a return on their investment. Following the completion of such offering, Guaranty began paying a quarterly dividend on its common stock in an amount equal to approximately 25.0% to 30.0% of its net income for the immediately preceding quarter. Guaranty anticipates that dividends will be declared and paid in the month following the end of each calendar quarter. Guaranty s dividend policy may change with respect to the payment of dividends as a return on investment, and the Guaranty Board may change or eliminate the payment of future dividends at its discretion, without notice to its shareholders. For further information on dividends paid by Guaranty over the past two years, see Comparative Market Prices and Dividends beginning on page 202.

Any future determination to pay dividends on its common stock will be made by the Guaranty Board and will depend on a number of factors, including: (i) Guaranty s historic and projected financial condition, liquidity and results of operations; (ii) Guaranty s capital levels and needs; (iii) tax considerations; (iv) any acquisitions or potential acquisitions that Guaranty may examine; (v) statutory and regulatory prohibitions and other limitations; (vi) the terms of any credit agreements or other borrowing arrangements that restrict Guaranty s ability to pay cash dividends; (vii) general economic conditions; and (viii) other factors deemed relevant by the Guaranty Board. Guaranty is not obligated to pay dividends on its common stock. For further information, see Comparative Market Prices and Dividends beginning on page 201.

Restrictions on Resale of Guaranty Common Stock

The shares of Guaranty common stock to be issued in connection with the merger will be registered under the Securities Act, and will be freely transferable, except for shares issued to any shareholder who may be deemed to be an affiliate of Guaranty for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of Guaranty include individuals or entities that control, are controlled by, or are under common control with Guaranty and may include the executive officers, directors and significant shareholders of Guaranty.

Dissenters Rights in the Merger

General. If you hold one or more shares of Westbound stock, you have the right to dissent from the merger and have the appraised fair value of your shares of Westbound stock as of the date immediately prior to the effective date of the merger paid to you in cash under Chapter 10, Subchapter H of the TBOC. The appraised fair value may be more or less than the value of the shares of Guaranty common stock and cash being paid in the merger in exchange for shares of Westbound stock. If you are contemplating exercising your right to dissent, Guaranty and Westbound urge you to read carefully the provisions of Chapter 10, Subchapter H of the TBOC, a copy of which is attached to this proxy statement/prospectus as Annex C and which qualify in all respects the following discussion of those provisions, and consult with your legal counsel before electing or attempting to exercise these rights. The following discussion describes the steps you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law carefully. In this description of the dissenters rights of Westbound shareholders, references to the merger are to the merger of Westbound and GBT.

How to Exercise and Perfect Your Right to Dissent. To be eligible to exercise your right to dissent to the merger:

- you must, prior to the Westbound special meeting, provide Westbound with a written objection to the merger that states that you intend to exercise your right to dissent if the merger agreement is approved and the merger is completed and that provides an address to which a notice of effectiveness of the merger should be delivered or mailed to you if the merger is completed;

- you must vote your shares of Westbound stock against approval of the Westbound merger proposal at the Westbound special meeting in person or by proxy;

- you must, not later than the 20th day after Guaranty (which will be the ultimate successor to Westbound) sends you notice that the merger was completed, deliver to Guaranty a written demand for payment of the fair value of the shares of Westbound stock you own that states the number and class of shares of Westbound stock you own, your estimate of the fair value of such stock and an address to which a notice relating to the dissent and appraisal procedures may be sent; and

- you must, not later than the 20th day after you make your demand for payment to Guaranty as described above, submit your certificates representing Westbound stock to Guaranty.

If you intend to exercise your right to dissent from the merger, prior to the Westbound special meeting you must send the notice of objection to Westbound, addressed to:

Westbound Bank

655 W. Grand Parkway South

Katy, Texas 77494

Attention: President and Corporate Secretary

If you fail to send the written objection to the merger in the proper form and prior to the Westbound special meeting, to vote your shares of Westbound stock at the Westbound special meeting against the approval of the Westbound merger proposal or to submit your demand for payment in the proper form and on a timely basis, you will lose your right to dissent from the merger. If you fail to submit to Guaranty on a timely basis the certificates representing the shares of Westbound stock after you have submitted the demand for payment as described above, Guaranty will have the option to terminate your right of dissent as to your shares of Westbound stock. In any instance of a termination or loss of your right of dissent, you will instead receive the merger consideration as set forth in the merger agreement. If you comply with the first two items above and the merger is completed, Guaranty will send you a written notice advising you that the merger has been completed. Guaranty must deliver this notice to you within ten days after the merger is completed.

Your Demand for Payment. If the merger is completed, you have provided your written objection to the merger to Westbound in a timely manner and in proper form and you have voted against the merger agreement at the Westbound special meeting as described above and you desire to receive the fair value of your shares of Westbound stock in cash, you must, within 20 days of the date on which Guaranty sends to you the notice of the effectiveness of the merger, give Guaranty a written demand for payment of the fair value of your shares of Westbound stock. The fair value of your shares of Westbound stock will be the value of the shares on the day immediately preceding the merger, excluding any appreciation or depreciation in anticipation of the merger. After the merger is completed, your written demand and any notice sent to Guaranty must be addressed to:

Guaranty Bancshares, Inc.

201 South Jefferson

Mount Pleasant, Texas 75455

Attention: President and Corporate Secretary

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Your written demand must include a demand for payment for your shares for which rights of dissent and appraisal are sought and must state the number of shares and class of Westbound stock you own and your estimate of the fair value of your shares of Westbound stock and an address to which a notice relating to the dissent and appraisal procedures may be sent. This written demand must be delivered to Guaranty within 20 days of the date on which Guaranty sends to you the notice of the effectiveness of the merger. If your written demand for payment in proper form is not received by Guaranty within that 20 day period, you will be bound by the merger and you will not be entitled to receive a cash payment representing the fair value of your shares of Westbound stock. Instead, you will receive shares of Guaranty common stock and cash as the merger consideration set forth in the merger agreement.

Delivery of Stock Certificates. If you have satisfied the requirements for the exercise of your right to dissent described above, including the delivery of the written demand for payment to Guaranty as described above, you must, not later than the 20th day after you make your written demand for payment to Guaranty, submit to Guaranty your certificate or certificates representing the shares of Westbound stock you own. You may submit those certificates with your demand for payment if you prefer. In accordance with the provisions of the TBOC, Guaranty will note on each such certificate that you have demanded payment of the fair value of the shares of Westbound stock that were represented by such certificate under the provisions of the TBOC relating to the rights of dissenting owners. After making those notations on those certificates, Guaranty will return each such certificate to you at your request. If you fail to submit all of the certificates representing the shares of Westbound stock for which you have exercised the right of dissent in a timely fashion, Guaranty will have the right to terminate your rights of dissent and appraisal with respect to all of your shares of Westbound stock unless a court, for good cause shown, directs Guaranty not to terminate those rights.

Guaranty s Actions Upon Receipt of Your Demand for Payment. Within 20 days after Guaranty receives your written demand for payment and your estimate of the fair value of your shares of Westbound stock submitted as described above, Guaranty must send you written notice stating whether or not it accepts your estimate of the fair value of your shares.

If Guaranty accepts your estimate, Guaranty will notify you that it will pay the amount of your estimated fair value within 90 days after the effective date of the merger. Guaranty will make this payment to you only if you have surrendered the share certificates representing your shares of Westbound stock, duly endorsed for transfer, to Guaranty.

If Guaranty does not accept your estimate, Guaranty will notify you of this fact and will make an offer of an alternative estimate of the fair value of your shares that it is willing to pay you within 120 days after the effective date of the merger, which you may accept within 90 days after the effective date of the merger or decline.

Payment of the Fair Value of Your Shares of Westbound Stock upon Agreement of an Estimate. If you and Guaranty have reached an agreement on the fair value of your shares of Westbound stock within 90 days after the effective date of the merger, Guaranty must pay you the agreed amount within 120 days after the effective date of the merger, provided that you have surrendered the share certificates representing your shares of Westbound stock, duly endorsed for transfer, to Guaranty.

Commencement of Legal Proceedings if a Demand for Payment Remains Unsettled. If you and Guaranty have not reached an agreement as to the fair market value of your shares of Westbound stock within 90 days after the effective date of the merger, you or Guaranty may, within 60 days after the expiration of the 90-day period, commence proceedings in Titus County, Texas asking the court to determine the fair value of your shares of Westbound stock. The court will determine if you have complied with the provisions of the TBOC regarding your right of dissent and if you have become entitled to receive payment for your shares of Westbound stock. The court will appoint one or more qualified persons to act as appraisers to determine the fair value of your shares in the manner prescribed by the TBOC.

The appraisers will determine the fair value of your shares and will report this value to the court. Once the appraisers report is filed with the court, you will receive a notice

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from the court indicating that the report has been filed. You will be responsible for obtaining a copy of the report from the court. If you or Guaranty objects to the report or any part of it, the court will hold a hearing to determine the fair value of your shares of Westbound stock. Both you and Guaranty may address the court about the report. The court will determine the fair value of your shares and direct Guaranty to pay that amount, plus interest, which will begin to accrue 91 days after the merger is completed. The court may require you to share in the court costs relating to the matter to the extent the court deems it fair and equitable that you do so.

Rights as a Shareholder. If you have made a written demand on Guaranty for payment of the fair value of your shares of Westbound stock, you will not thereafter be entitled to vote or exercise any other rights as a shareholder of Guaranty, but will only have the right to receive payment for your shares as described herein and the right to maintain an appropriate action to obtain relief on the ground that the merger would be or was fraudulent. In the absence of fraud in the transaction, your right under the dissent provisions described herein is the exclusive remedy for the recovery of the value of your shares of Westbound stock or money damages with respect to the merger.

Withdrawal of Demand. If you have made a written demand on Guaranty for payment of the fair value of your Westbound stock, you may withdraw such demand at any time before payment for your shares has been made or before a petition has been filed with a court for determination of the fair value of your shares. If you withdraw your demand or are otherwise unsuccessful in asserting your dissenters rights, you will be bound by the merger and you will have the same rights to receive of the merger consideration with respect to your shares of Westbound stock as you would have had if you had not made a demand for payment as to those shares, as well as to participate to the appropriate extent in any dividends or distributions on the shares of Guaranty common stock that may have been paid to Guaranty shareholders after the effective date of the merger. Such rights will, however, be subject to any change in or adjustment to those shares made because of an action taken after the date your demand for payment.

Beneficial Owners. Persons who beneficially own shares of Westbound stock that are held of record in the name of another person, such as a broker, bank, trustee or other nominee, and who desire to have the right of dissent exercised as to those shares must act promptly to cause the record holder of those shares to take the actions required under Texas law to exercise the dissenter s rights with respect to those shares. Only the persons in whose names shares of Westbound stock are registered on the share transfer records of Westbound may exercise the right of dissent and appraisal discussed above.

U.S. Federal Income Tax Consequences. See Material U.S. Federal Income Tax Consequences of the Merger beginning on page 108 for a discussion on how the federal income tax consequences of your action will change if you elect to dissent from the merger.

You should remember that if you return a signed proxy card, but fail to provide instructions as to how your shares of Westbound stock are to be voted, you will be considered to have voted in favor of the merger agreement and you will not be able to assert dissenters rights. You should also remember that if you otherwise vote at the Westbound special meeting in favor of the merger agreement, you will not be able to assert dissenters rights.

The foregoing summary is not intended to be a complete statement of the procedures for exercising dissenter s rights under the TBOC and is qualified in its entirety by reference to the full text of Chapter 10, Subchapter H of the TBOC, a copy of which is attached as Annex C to this proxy statement/prospectus. Westbound urges any shareholder wishing to exercise dissenters rights, if any, to read this summary and the TBOC provisions carefully, and to consult legal counsel before attempting to exercise dissenters rights. Failure to comply strictly with all of the procedures set forth in of Chapter 10, Subchapter H of the TBOC may result in the loss of your statutory dissenters rights.

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Regulatory Approvals Required for the Merger

The completion of the merger is subject to receipt of the prior approval of the OCC. Subject to the terms of the merger agreement, Guaranty has agreed, with the cooperation of Westbound, to use its commercially reasonably best efforts to obtain the regulatory approvals necessary to complete the transactions contemplated by the merger agreement, including the merger.

On February 14, 2018, Guaranty filed an application with the OCC to request the OCC s approval of the merger. On March 27, 2018, Guaranty received regulatory approval for the merger from the OCC.

The U.S. Department of Justice has between 15 and 30 days following approval by the OCC to challenge the approval on antitrust grounds. While Guaranty and Westbound do not know of any reason that the Department of Justice would challenge regulatory approval by the OCC and believe that the likelihood of such action is remote, there can be no assurance that the Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, as to the result of any such challenge.

Notifications and/or applications requesting approval of the merger, or other transactions contemplated by the merger agreement, may be submitted to various other federal and state regulatory authorities and self-regulatory organizations.

The approval of any notice or application merely implies satisfaction of regulatory criteria for approval, and does not include review of the merger from the standpoint of the adequacy of the consideration to be received by, or fairness to, shareholders. Regulatory approval does not constitute an endorsement or recommendation of the proposed transaction.

Guaranty and Westbound are not aware of any material governmental approvals or actions that are required prior to the parties completion of the merger other than those described in this proxy statement/prospectus. If any additional governmental approvals or actions are required, the parties presently intend to seek those approvals or actions. However, the parties cannot assure you that any of these additional approvals or actions will be obtained.

THE MERGER AGREEMENT

The following describes certain aspects of the merger, including certain material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus. We urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.

Structure of the Merger

Each of the Guaranty Board and Westbound Board has approved the merger agreement. Under the merger agreement, Westbound will merge with and into GBT, with GBT continuing as the surviving entity.

Prior to the effective time, Guaranty and Westbound may, by mutual agreement, change the method or structure of effecting the acquisition of Westbound by Guaranty, except that no such change may (i) alter or change the per share merger consideration to be paid to each holder of Westbound stock, (ii) adversely affect the tax treatment of the transaction to Westbound s shareholders, (iii) adversely affect the tax treatment of the transaction to Westbound or Guaranty, or (iv) materially impede or delay the consummation of the transactions contemplated by the merger agreement in a timely manner.

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Merger Consideration. At the effective time, all outstanding shares of Westbound stock (other than shares of Westbound stock held in the treasury of Westbound, by Westbound, or by any dissenting shareholder) will be converted into the right to receive 900,000 shares of Guaranty common stock (which we refer to as the aggregate stock consideration) and $6,417,050 in cash (which we refer to as the aggregate cash consideration , and together with the aggregate stock consideration, the aggregate merger consideration), and subject to the escrow holdback. The aggregate merger consideration is subject to adjustment to the extent that the Guaranty determination date stock price is equal to or less than $26.71 or equal to or greater than $36.14. In addition to the per share merger consideration, Westbound s shareholders and holders of Westbound options will receive a special dividend in the aggregate amount that Westbound s adjusted tangible equity exceeds $16,500,000 unless that special dividend causes the merger to be considered something other than a reorganization in accordance with Section 368(a) of the Code and any regulations promulgated thereunder), as described below in The Merger Agreement Structure of the Merger Special Dividend.

Each share of Westbound stock (other than shares of Westbound stock held in the treasury of Westbound, by Westbound, or by any dissenting shareholder) will be entitled to receive (i) cash in the amount of the aggregate shareholder cash consideration divided by the number of issued and outstanding shares of Westbound stock immediately prior to the effective time (which we refer to as the per share cash consideration), and (ii) the number of shares of Guaranty common stock equal to the aggregate stock consideration divided by the number of issued and outstanding shares of Westbound stock immediately prior to the effective time (which we refer to as the per share stock consideration and together with the per share cash consideration, the per share merger consideration).

There are anticipated to be 2,247,952 issued and outstanding shares of Westbound stock immediately prior to the effective time. Guaranty will not issue any fractional shares of Guaranty common stock in the merger, as described below. Based upon the closing price of Guaranty common stock of $[ ] on [ ], 2018, the latest practicable trading day before the printing of this proxy statement/prospectus, and the assumptions described below, the implied value of the aggregate merger consideration would be $[ ] and the implied value of the per share merger consideration would be $[ ], not including the special dividend.

Each Westbound option that is unexpired, outstanding and unexercised immediately prior to the effective time shall be cancelled and converted automatically into the right to receive an amount in cash per option. The aggregate cash consideration payable to Westbound shareholders will be reduced by the aggregate option consideration. There are anticipated to be 293,800 Westbound options unexpired, outstanding and unexercised, each with an average exercise price of $9.33 per share, resulting in an aggregate exercise price of $2,741,617, immediately prior to the effective time. See The Merger Agreement Treatment of Westbound Options below.

As a result of the foregoing, assuming no adjustment to the aggregate merger consideration and based on the number of shares of Guaranty common stock and Westbound stock outstanding as of [ ], 2018, the last date before the date of this proxy statement/prospectus for which it was practicable to obtain this information, approximately [ ]% of outstanding Guaranty common stock following the merger will be held by shareholders who were holders of Guaranty common stock immediately prior to the effectiveness of the merger and approximately [ ]% of outstanding Guaranty common stock will be held by shareholders who were holders of Westbound stock immediately prior to the effectiveness of the merger.

Special Dividend. Immediately prior to the effective time, Westbound will make a special dividend to its shareholders, in accordance with Westbound s articles of association (as amended), and make a payment to the holders of Westbound options, on a pro rata basis, based upon the number of shares of Westbound stock such option holder would hold following the exercise of all outstanding Westbound options, in an aggregate amount equal to the amount by which its adjusted tangible equity as of the calculation date exceeds $16,500,000, if at all, unless that special dividend would result in the merger not qualifying as a reorganization as determined under Section 368(a) of the Code and the Treasury regulations promulgated thereunder. Pursuant to the merger agreement, the calculation date means the last business day of the month preceding the closing date. For the

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avoidance of doubt, the amount of the special dividend will be distributed to both Westbound shareholders, in accordance with Westbound s articles of association (as amended), and paid to the holders of Westbound options, on a pro rata basis, as if the holders of Westbound options held the shares underlying such Westbound options on the record date of the special dividend. On March 19, 2018, Westbound received regulatory approval for the special dividend from the Texas Department of Banking. As of the date of this proxy statement/prospectus, Westbound s application for approval of the special dividend submitted to the FDIC is pending. If Westbound does not receive regulatory approval from the FDIC required to make such special dividend prior to the effective time, the amount shall be added to the aggregate merger consideration and be paid by Guaranty at the effective time.

For purposes of the merger agreement, Westbound s adjusted tangible equity means Westbound s stockholders equity less goodwill, core deposit intangibles and other intangible assets (other than the deferred tax asset), net of accumulated amortization determined in accordance with generally accepted accounting principles (which we refer to as GAAP), minus the amount of Transaction Expenses (as defined below) through the closing date to the extent not already paid or accrued and, therefore, reflected on the financial statements of Westbound. Any unrealized gains or losses in investment securities will be included in the calculation of adjusted tangible equity.

For purposes of the merger agreement, Transaction Expenses means all of the costs and expenses of Westbound incurred (or to be incurred) in connection with the transactions contemplated by the merger agreement through the closing of the merger, and it includes, among other costs and expenses:

- the costs, fees, expenses and commissions payable to any broker, finder, financial advisor or investment banking firm in connection with the merger agreement or the transactions contemplated thereby;

- legal and accounting fees and other expenses in connection with the negotiation, execution or performance of the merger agreement or the consummation of the transactions contemplated thereby;

- costs or expenses incurred in purchasing a directors and officers insurance tail policy, as described in the merger agreement;

- the amount, if any, required to be added to Westbound s allowance for loan and lease losses, as described in the merger agreement;

- contract termination costs, including electronic banking and data processing contracts;

- the amount of certain bonuses, change-in-control and related payments and benefits to employees of Westbound, including retention or stay-put bonuses;

- accrual of any future benefit payments due under any salary continuation, deferred compensation or other similar agreements through the date of the final payment;

- the costs, expenses and fees associated with the funding, termination or liquidation of Westbound employee benefit plans;

- the amount, if any, of any severance payments made by Westbound to any employees terminated at the request of Guaranty or any stay-put bonuses paid by Westbound to employees at the request of Guaranty; and

- 50% of the aggregate fees, expenses and costs of a neutral accounting firm engaged to settle any disputes regarding the calculation of adjusted tangible equity, if any, as described in the merger agreement.

As of December 31, 2017, the tangible equity of Westbound was $22,997,839 (prepared in accordance with GAAP). Pursuant to the terms of the merger agreement, the adjusted tangible equity of Westbound as of the calculation date will be determined from Westbound s financial statements prepared in accordance with GAAP, adjusted as provided for below.

For purposes of determining the estimated adjusted tangible equity of Westbound, the amount of Westbound s tangible equity will be increased by the amount of the net income of Westbound or decreased by the amount of the net loss of Westbound from January 1, 2018, through the calculation date and reduced by the amount of Transaction Expenses incurred by Westbound in connection with the merger. Westbound currently estimates that it will have net income of between $810,570 and $1,013,212 from January 1, 2018, through May 31, 2018, which would be the calculation date assuming that the closing date will be June 1, 2018, which is the date that Guaranty and Westbound hope to complete the merger, although delays could occur.

The table set forth below shows the range of estimates for the amounts that will affect the calculation of Westbound s adjusted tangible equity, assuming the closing of the merger occurs on June 1, 2018, and the estimated special dividend that Westbound could distribute to its shareholders and option holders based on such amounts:

	Low Range	High Range
Tangible equity of Westbound Bank as of December 31, 2017	$ 22,997,839	$ 22,997,839
Estimated net income of Westbound for the period from January 1, 2018, through May 31, 2018	810,570	1,013,212
Estimated Transaction Expenses of Westbound	2,004,835	2,154,835
Estimated adjusted tangible equity of Westbound as of May 31, 2018	$ 21,586,566	$ 23,086,607
Estimated special dividend to Westbound shareholders and option holders	$ 5,086,566	$ 6,586,607

The amounts in the table above are only estimates and are based upon several assumptions, many of which are beyond the control of Westbound. Accordingly, the actual amount of Westbound s adjusted tangible equity at the calculation date may vary from these estimated amounts.

Adjustments to Merger Consideration. The aggregate stock consideration and the aggregate cash consideration are subject to adjustment by Guaranty to the extent that the Guaranty determination date stock price is equal to or less than $26.71 or equal to or greater than $36.14. If the Guaranty determination date stock price is equal to or greater than $36.14, then Guaranty, at its election, may either decrease the aggregate stock consideration and/or decrease the aggregate cash consideration such that, when valuing the aggregate stock consideration based on the Guaranty determination date stock price, the aggregate merger consideration is valued at an amount equal to $38,943,050. If the Guaranty determination date stock price is equal to or less than $26.71, then Guaranty, at its election, may either increase the aggregate stock consideration and/or increase the aggregate cash consideration such that, when valuing the aggregate stock consideration based on the Guaranty determination date stock price, the aggregate merger consideration is valued at an amount equal to $30,456,050. In addition, the Westbound Board may terminate the merger agreement if the Guaranty determination date stock price is below $25.14 and below the threshold relative to the Index described in the merger agreement. If the Westbound Board terminates the merger agreement, Guaranty may prevent such termination by agreeing in writing to increase the number of shares in the aggregate stock consideration and/or increase the aggregate cash consideration, such that the aggregate merger consideration is equal to $30,456,050. See The Merger Agreement Termination of the Merger Agreement beginning on page 104.

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The table below demonstrates the effect of varying Guaranty prices on the consideration to be received by Westbound shareholders in the merger, assuming 293,800 Westbound options unexpired, outstanding and unexercised and 2,247,952 issued and outstanding shares of Westbound stock:

Guaranty determination date stock price	Aggregate cash consideration	Aggregate option consideration	Aggregate shareholder cash consideration	Aggregate stock Consideration	Per share stock consideration	Per share cash consideration
$26.71	$ 6,417,050	$ 778,784.48	$ 5,638,265.52	900,000 shares	0.40036 shares	$ 2.51
$31.43	$ 6,417,050	$ 1,269,808.93	$ 5,147,241.07	900,000 shares	0.40036 shares	$ 2.29
$36.14	$ 6,417,050	$ 1,759,793.09	$ 4,657,256.91	900,000 shares	0.40036 shares	$ 2.07

Assuming 293,800 Westbound options unexpired, outstanding and unexercised, 2,247,952 shares of Westbound stock issued and outstanding, and:

a Guaranty determination date stock price of $31.43, which is the average of the daily volume-weighted average sales price per share of Guaranty common stock on NASDAQ for the 15 consecutive trading days ending on and including January 26, 2018, the last trading day before public announcement of the merger, the aggregate stock consideration would be 900,000 shares of Guaranty common stock, the aggregate option consideration would be $1,269,808.93 and the aggregate shareholder cash consideration would be $5,147,241.07, resulting in an implied value of the aggregate merger consideration of $34,290,050 based on a closing price of Guaranty common stock on January 26, 2018 of $30.97, and the per share stock consideration would be 0.40036 shares of Guaranty common stock, or a monetary value of $12.40, the per share cash consideration would be $2.29, and the implied value of the per share merger consideration, based on a closing price of Guaranty common stock on January 26, 2018 of $30.97, would be $14.69; or

a Guaranty determination date stock price of $[ ], which was the Guaranty determination date stock price ending on and including [ ], 2018, the latest practicable trading day before the printing of this proxy statement/prospectus, the aggregate stock consideration would be 900,000 shares of Guaranty common stock, the aggregate option consideration would be $[ ], and the aggregate shareholder cash consideration would be $[ ], resulting in an implied value of the aggregate merger consideration of $[ ] based on a closing price of Guaranty common stock on [ ], 2018 of $[ ], and the per share stock consideration would be 0.40 shares of Guaranty common stock, the per share cash consideration would be $[ ], and the implied value of the per share merger consideration, based on a closing price of Guaranty common stock on [ ], 2018 of $[ ], would be $[ ].

Escrow Holdback. At the closing of the merger, Guaranty, GBT and Westbound will enter into an escrow agreement pursuant to which up to $2.0 million of the aggregate shareholder cash consideration will be held back by Guaranty for up to three years following the closing. The escrowed funds are intended to provide Guaranty with a source of funds from which it may be reimbursed in the event that GBT suffers or incurs losses on certain loans of Westbound that are subject to the escrow agreement. Guaranty will be reimbursed from the escrowed funds for losses to the extent such losses exceed a specified allowance for loan and lease losses credit (which we refer to as the ALLL credits) for any such loan. In addition, the escrow agreement provides that twenty-five percent (25%) of the escrowed funds will serve as a general reserve for any additional losses suffered or incurred by GBT in connection with or related to a subject loan in excess of the portion of the escrowed funds specifically allocated for such subject loan.

During the escrow period, the escrowed funds will be disbursed at each anniversary of the closing date as follows:

First Anniversary Disbursements. In the event any losses are incurred, sustained or suffered by GBT in connection with or related to the subject loans prior to the first anniversary of the closing date, Guaranty shall send a written notice to the escrow agent, within 15 days following the first anniversary of the closing date, specifying in reasonable detail (i) the nature and amount of any losses incurred, sustained or suffered in such period, (ii) any recoveries received by an indemnified party with respect to any such losses, (iii) the amount of escrow funds to be disbursed to Guaranty, if any, to indemnify it for such losses (net of any applicable ALLL credits and recoveries) (collectively, the first anniversary indemnifiable losses), (iv) any subject loan that was resolved during such period (each, a resolved loan), and (v) the balance of escrowed funds for each resolved loan. Within 15 days following receipt of the written notice described above, the escrow agent shall disburse (i) to Guaranty, the first anniversary indemnifiable losses, and (ii) to the Westbound shareholders, an aggregate amount equal to 75% of the balance of escrowed funds of each resolved loan.

Second Anniversary Disbursements. In the event any losses are incurred, sustained or suffered by GBT in connection with or related to the subject loans between the first anniversary and the second anniversary of the closing date, Guaranty shall send a written notice to the escrow agent within 15 days following the second anniversary of the closing date, specifying in reasonable detail (i) the nature and amount of any losses incurred, sustained or suffered by GBT in such period, (ii) any recoveries received by GBT with respect to any such losses, (iii) any recoveries received by GBT with respect to any first anniversary indemnifiable losses previously disbursed to Guaranty, (iv) the amount of escrowed funds to be disbursed to Guaranty, if any, to indemnify it for losses incurred, sustained or suffered by any indemnified party in such period (net of any applicable ALLL credits and recoveries received during such period) (collectively, the second anniversary indemnifiable losses), (v) any subject loan that was resolved during such period, and (vi) the balance of escrowed funds for each resolved loan. Within 15 days following receipt of the written notice described above, the escrow agent shall disburse (i) to Guaranty, the second anniversary indemnifiable losses, and (ii) to the Westbound shareholders, an aggregate amount equal to 75% of the balance of escrowed funds of each resolved loan.

Third Anniversary Disbursements. In the event any losses are incurred, sustained or suffered by GBT in connection with or related to the subject loans between the second anniversary and the third anniversary of the closing date, Guaranty shall send a written notice to the escrow agent within 15 days following the third anniversary of the losing date, specifying in reasonable detail (i) the nature and amount of any losses incurred, sustained or suffered by any indemnified party in such period, (ii) any recoveries received by GBT with respect to any such losses, (iii) any recoveries received by GBT with respect to any second anniversary indemnifiable losses previously disbursed to Guaranty, and (iv) the amount of escrowed funds to be disbursed to Guaranty, if any, to indemnify it for losses incurred, sustained or suffered by an indemnified party in such period (net of any applicable ALLL credits and recoveries received during such period) (collectively, the third anniversary indemnifiable losses). Within 15 days following receipt of the such written notice, the escrow agent shall disburse (i) to Guaranty, the third anniversary indemnifiable losses and (ii) except to the extent any such escrowed funds are subject to a pending claim, to the Westbound shareholders, any remaining escrowed funds being held pursuant to the escrow agreement.

Assuming there are 2,247,952 issued and outstanding shares of Westbound stock immediately prior to the effective time and the aggregate escrow holdback equals $2.0 million, then the per share escrow holdback would be $0.89 per share of Westbound Stock. However, pursuant to the terms of the merger agreement, any loan subject to the escrow agreement that is resolved by Westbound prior to the closing date will be removed from the list of loans subject to the escrow agreement and the total amount of the escrowed funds shall be reduced by the amount of escrowed funds applicable to such resolved loan.

The foregoing description of the escrow agreement is subject to, and qualified in its entirety by reference to, the escrow agreement, a form of which is attached as Exhibit D to the merger agreement (which is attached to this proxy statement/prospectus as Annex A) and is incorporated by reference into this proxy statement/prospectus.

Fractional Shares. Guaranty will not issue any fractional shares of Guaranty common stock in the merger. Westbound shareholders who would otherwise be entitled to a fraction of a share of Guaranty common stock upon the completion of the merger will instead be entitled to receive, in lieu of the fraction of a share, an amount in cash determined by multiplying (i) the Guaranty determination date stock price by (ii) the fraction of a share of Guaranty common stock which such shareholder would otherwise be entitled to receive.

Governing Documents; Directors and Officers; Governance Matters. At the effective time, the articles of association and bylaws of GBT in effect immediately prior to the effective time will be the articles of association and bylaws of the surviving entity after completion of the merger, until thereafter amended in accordance with applicable law. The directors and officers of GBT immediately prior to the effective time shall be the directors and officers of the surviving entity, each to hold office until their respective successors are duly elected or appointed and qualified in the manner provided in the surviving entity s certificate of formation and bylaws or as otherwise provided by applicable law.

Treatment of Westbound Options

Each Westbound option that is unexpired, outstanding and unexercised immediately prior to the effective time shall be cancelled and converted automatically into the right to receive an amount in cash per option, without interest, determined by multiplying (i) the number of shares of Westbound stock available for purchase pursuant to such option by (ii) the amount by which per option amount exceeds the exercise price per share under such option. The aggregate cash consideration payable to the Westbound shareholders will be reduced by aggregate option consideration. Any Westbound option with an exercise price per share of Westbound stock that is greater than or equal to the per option amount will be cancelled in exchange for no consideration. Each holder of a Westbound option will be required to enter into an option holder termination and release agreement as a condition to receiving cash consideration for such Westbound options.

Treatment of Westbound Benefit Plans

To the extent requested by Guaranty, Westbound has agreed to execute and deliver all instruments and take all action as Guaranty may reasonably require to amend or terminate all Westbound employee benefit plans or contractual arrangements with a third-party professional employer organization to be effective no later than the closing date, except that winding up of any such plan may be completed after the closing date if Westbound has used commercially reasonable best efforts to complete such winding up.

Closing and Effective Time

The merger will be completed only if all conditions to the merger discussed in this proxy statement/prospectus and set forth in the merger agreement are either satisfied or waived. See Merger Agreement Conditions to Complete the Merger beginning on page 102.

The merger will become effective on the effective date specified in the merger certificate letter issued by the OCC. The closing of the merger will occur at 10:00 a.m., Austin, Texas time, no more than 30 days after all necessary regulatory, corporate and other approvals have been received, and all associated mandatory waiting periods have expired, or on such other date as may be mutually agreeable to Guaranty and Westbound. It currently is anticipated that the completion of the merger will occur in the second quarter of 2018, subject to the receipt of regulatory approvals and the satisfaction of other closing conditions set forth in the merger agreement, but neither Westbound nor Guaranty can guarantee when or if the merger will be completed.

Conversion of Shares; Exchange of Certificates

The conversion of Westbound stock into the right to receive the merger consideration will occur automatically at the effective time. After completion of the merger, the exchange agent will exchange certificates representing shares of Westbound stock for the merger consideration to be received pursuant to the terms of the merger agreement.

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Letter of Transmittal. As promptly as reasonably practicable, but in no event later than 10 business days after the effective time the exchange agent will mail to each holder of record of Westbound stock as of immediately prior to the effective time a letter of transmittal and instructions on how to surrender shares of Westbound stock in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

If a certificate for Westbound stock has been lost, stolen or destroyed, the exchange agent will issue the per share merger consideration deliverable in respect of Westbound stock represented by such certificate upon receipt of (i) an affidavit of that fact by the claimant and (ii) if required by Guaranty or the exchange agent, the posting of a bond in an amount as Guaranty or the exchange agent may direct (not to exceed the amount of per share merger consideration relating to the shares of Westbound stock represented by the relevant missing certificate) as indemnity against any claim that may be made against the surviving entity, GBT, or Westbound with respect to such certificate.

After the effective time, there will be no transfers on the share transfer books of Westbound of shares of Westbound stock which were outstanding immediately before such time.

Withholding. Guaranty and the exchange agent will be entitled to deduct and withhold from the consideration otherwise payable to any holder of Westbound stock or Westbound options, or otherwise payable pursuant to the merger agreement, such amounts as Guaranty or the exchange agent, in its reasonable discretion, determines it is required to deduct and withhold under the Code or any provision of state, local or foreign tax law. If any such amounts are withheld and paid over to the appropriate governmental authority, these amounts will be treated for all purposes of the merger agreement as having been paid to the person or entity from whom they were withheld.

Dividends and Distributions. No dividends or other distributions declared with respect to Guaranty common stock will be paid to the holder of any unsurrendered certificates of Westbound stock until the holder surrenders such certificate in accordance with the merger agreement. After the surrender of a certificate in accordance with the merger agreement, the record holder thereof will be entitled to receive any such dividends or other distributions, without any interest, which had previously become payable with respect to the shares of Guaranty common stock represented by such certificate.

Representations and Warranties

The representations, warranties and covenants described below and included in the merger agreement were made only for purposes of the merger agreement and as of specific dates, are solely for the benefit of Guaranty and Westbound, may be subject to limitations, qualifications or exceptions agreed upon by the parties, including those included in confidential disclosures made for the purposes of, among other things, allocating contractual risk between Guaranty and Westbound rather than establishing matters as facts, and may be subject to standards of materiality that differ from those standards relevant to investors. You should not rely on the representations, warranties, covenants or any description thereof as characterizations of the actual state of facts or condition of Guaranty, Westbound or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in public disclosures by Guaranty or Westbound. The representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this proxy statement/prospectus.

The merger agreement contains customary representations and warranties of each of Guaranty and Westbound relating to their respective businesses. The representations and warranties in the merger agreement do not survive the effective time.

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The merger agreement contains representations and warranties made by Westbound relating to a number of matters, including the following:

- corporate matters, including due organization and qualification and subsidiaries;
- capitalization;
- authority relative to execution and delivery of the merger agreement and consummation of the transactions contemplated thereby;
- the absence of conflicts with, or violations of, organizational documents, contracts or other obligations as a result of the merger;
- financial statements, Westbound call reports and allowance for loan and lease losses;
- legal proceedings;
- required governmental and other regulatory filings and consents and approvals in connection with the merger;
- absence of undisclosed liabilities;
- title to tangible assets;
- the absence of certain changes or events;
- certain contracts, leases and agreements;
- certain tax matters;
- insurance matters;
- proprietary rights matters;

loan portfolio and reserve for loan losses;

deposit matters;

investment securities and commodities;

risk management instruments;

employee relationship matters;

condition of tangible assets;

environmental matters;

regulatory compliance matters;

the absence of certain business practices;

books and records;

internal controls;

the availability of forms of notes, mortgages, deeds of trust and other routine documents;

fiduciary responsibilities;

guaranties of another person s or entity s obligations or liabilities;

employee benefit matters;

compliance with applicable laws, permits and instruments;

the accuracy of information supplied for inclusion in this proxy statement/prospectus and other similar documents;

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- dissenting shareholder matters;
- inapplicability of takeover statutes;
- receipt by the Westbound Board of an opinion from its financial advisor;
- broker s fees payable in connection with the merger;
- the ability to obtain regulatory approvals; and
- the accuracy of representations and warranties and due diligence materials.

The merger agreement contains representations and warranties made by Guaranty relating to a more limited number of matters, including the following:

- corporate matters, including due organization and qualification and subsidiaries;
- capitalization;
- authority relative to execution and delivery of the merger agreement and consummation of the transactions contemplated thereby;
- the absence of conflicts with, or violations of, organizational documents, contracts or other obligations as a result of the merger;
- legal proceedings;
- SEC filings, financial statements, internal controls and accounting matters;
- required governmental and other regulatory filings and consents and approvals in connection with the merger;
- the absence of undisclosed liabilities;

- the absence of certain changes or events;
- certain tax matters;
- compliance with applicable laws, permits and instruments, and regulatory compliance and reports;
- absence of certain business practices;
- internal controls;
- the accuracy of information supplied for inclusion in this proxy statement/prospectus and other similar documents;
- broker s fees payable in connection with the merger;
- tax treatment of the merger;
- the ability to pay the aggregate cash consideration;
- no Guaranty shareholder approval required; and
- the accuracy of representations and warranties and due diligence materials.

Certain representations and warranties of Guaranty and Westbound are qualified as to materiality or Material Adverse Change. For purposes of the merger agreement, a Material Adverse Change means any material adverse change in the financial condition, assets, properties, liabilities (absolute, accrued, contingent or otherwise), reserves, business or results of operations other than, in each case, any change, circumstance, event or effect relating to (i) any change occurring after the execution date of the merger agreement in any federal or state law, which change affects banking institutions and their holding companies generally, including any change affecting the Deposit Insurance Fund administered by the FDIC, (ii) changes in general economic, legal, regulatory or political conditions affecting financial institutions generally, including changes in interest rates, credit availability and liquidity and currency exchange rates, (iii) general changes in credit markets or general downgrades in credit markets, (iv) changes in GAAP or regulatory accounting principles that affect financial institutions generally, (v) changes resulting from reasonable expenses (such as customary legal, accounting and investment advisor fees) incurred in connection with the merger agreement, (vi) changes resulting from, acts of terrorism or war, (vii) changes resulting from payments of any amounts due, or the provision of any benefits to, any officer or employee under employment, change in control or severance agreements in effect as of the execution date of the merger agreement, (viii) changes resulting from the payment of the special dividend, (ix) changes resulting from the payment of the aggregate option consideration, or (x) changes resulting from actions and omissions of Guaranty, GBT or Westbound taken at the request, or with the prior written consent, of the other party to the merger agreement in contemplation of the transactions contemplated by the merger agreement.

In addition, certain representations and warranties of Guaranty and Westbound, as well as certain covenants (discussed below), are qualified as to the knowledge of the respective party. For purposes of the merger agreement, knowledge means the knowledge of executive officers of Guaranty or Westbound, as applicable, with respect to a particular matter, that would be reasonably expected to come to the attention of such executive officer in the course of his or her duties with Guaranty or Westbound, as applicable.

Covenants and Agreements

Conduct of Businesses Prior to the Completion of the Merger. Westbound has agreed that, prior to the effective time, subject to specified exceptions, it will:

- maintain its corporate existence in good standing;
- maintain the general character of its business and conduct its business in its ordinary and usual manner;
- extend credit only in accordance with existing lending policies and practices and in the ordinary course of its business;
- use commercially reasonable efforts to (i) preserve its business organization intact; (ii) retain the services of its present employees, officers, directors and agents; (iii) retain its present customers, depositors, suppliers and correspondent banks; and (iv) preserve its goodwill and the goodwill of its suppliers, customers and others having business relationships with it;
- use commercially reasonable efforts to obtain any approvals or consents required to maintain all existing contracts, leases and documents relating to or affecting its assets, properties and business;
- maintain all offices, machinery, equipment, materials, supplies, inventories, vehicles and other properties owned, leased or used by it (whether under its control or the control of others) in good operating repair and condition, ordinary wear and tear excepted;

comply in all material respects with all laws and permits applicable to its properties and operations;

timely file all tax returns required to be filed by it and promptly pay all taxes, assessments, governmental charges, duties, penalties, interest and fines that become due and payable;

withhold from each payment made to each of its employees the amount of all taxes required to be withheld therefrom and pay the same to the appropriate governmental authority;

continue to follow and implement policies, procedures and practices regarding the identification, monitoring, classification and treatment of all assets in substantially the same manner as it has in the past;

account for all transactions in accordance with GAAP (unless otherwise instructed by regulatory accounting principles, in which instance account for such transaction in accordance with regulatory accounting principles) specifically without limitation paying or accruing for by the closing date all liabilities, obligations, costs, and expenses owed or incurred by Westbound on or before such closing date;

perform in all material respects all of its obligations under contracts, leases and documents relating to or affecting its assets, properties and business, except such obligations as it may in good faith dispute;

maintain and keep in full force and effect, in all material respects, presently existing insurance coverage and give all notices and present all claims under all insurance policies in due and timely fashion;

timely file all reports required to be filed with governmental authorities and observe and conform, in all material respects, to all applicable laws, except those being contested in good faith by appropriate proceedings; and

conduct its operations in the ordinary course of business.

Additionally, prior to the closing date (or earlier termination of the merger agreement), Westbound may not, without the prior written consent of Guaranty:

intentionally take any action that could reasonably be expected to result in a Material Adverse Change to Westbound;

take or fail to take any action that could reasonably be expected to cause its representations and warranties made in the merger agreement to be inaccurate in any material respect at the time of the closing of the merger or preclude Westbound from making such representations and warranties at the time of the closing of the merger;

declare, set aside or pay or obligate it to pay any dividend or other distribution with respect to its capital except for the special dividend (as described herein);

enter into, alter, amend, renew or extend any contract or commitment which would result in an obligation of Westbound to make payments in excess of $50,000, except certain specified transactions and loans and extensions of credit in the ordinary course of business which are subject to other negative covenants below;

mortgage, pledge or subject to lien any of its properties, business or assets, tangible or intangible except (i) statutory liens not yet delinquent, (ii) minor defects and irregularities in title and encumbrances that do not materially impair the use thereof for the purpose for which they are held, and (iii) pledges of assets to secure public funds deposits;

cause or allow the loss of insurance coverage, unless replaced with coverage which is substantially similar (in amount and insurer) to that in effect as of the execution date of the merger agreement;

incur any indebtedness, obligation or liability, whether absolute or contingent, other than the receipt of deposits and trade debt or except in the ordinary course of business or in connection with the transactions contemplated by the merger agreement or any of the agreements or documents contemplated thereby;

discharge or satisfy any lien or pay any obligation or liability, whether absolute or contingent, due or to become due, except in the ordinary course of business;

issue, reserve for issuance, grant, sell or authorize the issuance of any shares of its capital or other securities or subscriptions, options, warrants, calls, rights or commitments of any kind relating to the issuance thereto, except to the extent any commitment to do so is outstanding as of the execution date of the merger agreement;

amend or otherwise change its organizational documents;

sell, transfer, lease to others or otherwise dispose of any material assets or properties, discount or arrange for a payoff of a charged off or deficiency credit, cancel or compromise any material debt or claim, or waive or release any right or claim other than in the ordinary course of business;

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enter into any agreement or give any promise, assurance or guarantee of the payment, related to the discharge or fulfillment of any undertaking or promise made by any other third person;

sell or knowingly dispose of, or otherwise divest itself of the ownership, possession, custody or control, of any corporate books or records of any nature that, in accordance with sound business practice, normally are retained for a period of time after their use, creation or receipt, except at the end of the normal retention period;

except for salary increases in the ordinary course of business or as otherwise contemplated in the merger agreement, payment of certain specified employee bonuses at the closing of the merger which have been fully accrued as an expense and reflected in the calculation of Westbound s adjusted tangible equity, or benefits under the terms of a Westbound employee benefit plan, make any material change in the rate of compensation, commission, bonus, vesting or other direct or indirect remuneration payable, or pay or agree to or orally promise to pay, conditionally or otherwise, any bonus, extra compensation, pension, severance or vacation pay, to or for the benefit of any of its shareholders, directors, officers, employees or agents, or enter into any employment or consulting contract (other than as contemplated by the merger agreement) or other agreement with any director, officer or employee or adopt, amend in any material respect or terminate (other than amendments required by applicable law or termination of the employee benefit plans contemplated by the merger agreement) any pension, employee welfare, retirement, stock purchase, stock option, stock appreciation rights, termination, severance, income protection, golden parachute, savings or profit-sharing plan (including trust agreements and insurance contracts embodying such plans), any deferred compensation, or collective bargaining agreement, any group insurance contract or any other incentive, welfare or employee benefit plan or agreement maintained by it for the benefit of its directors, employees or former employees;

engage in any transaction with any affiliate except in the ordinary course of business;

acquire any capital or other equity securities or acquire any equity or ownership interest in any bank, corporation, partnership or other entity, except (i) through settlement of indebtedness, foreclosure, or the exercise of creditors remedies, or (ii) in a fiduciary capacity, the ownership of which does not expose it to any liability from the business, operations or liabilities of such person;

except as contemplated by the merger agreement, terminate, cancel or surrender any contract, lease or other agreement or suffer or unreasonably permit any damage, destruction or loss which, in any case or in the aggregate, may reasonably be expected to result in a Material Adverse Change to Westbound;

dispose of, enter into any settlement regarding the breach of infringement of permit to lapse, transfer or grant any rights under, or knowingly breach or infringe upon, any United States or foreign license or proprietary right or materially modify any existing rights with respect thereto;

make any capital expenditures in excess of $50,000;

hire or employ any new officer or hire or employ any new non-officer employee, other than to replace non-officer employees;

make any, or acquiesce in any, change in financial accounting methods, principles or material practices, except as required by GAAP or regulatory accounting principles;

pay a rate on deposits at Westbound materially higher than is consistent with the ordinary course of business;

make, acquire, modify or renew, or agree to make, acquire, modify or renew any loans or loan participations (whether directly or indirectly through the purchase of loan participations from other lenders, deal paper or otherwise) to any person (including any affiliate, shareholder, member or partner of such person) and any guarantor, surety, spouse, co-maker or co-obligor of such person (each is referred to herein as a borrower) that (i) would be a material violation of its policies and procedures in effect as of the date hereof, (ii) would not be in the ordinary course of business or (iii) would exceed

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$500,000, individually or in the aggregate, to any borrower, except (A) pursuant to commitments made before the date of the merger agreement that are listed on confidential disclosure schedules to the merger agreement and not covered by items (i) or (ii) of this clause or (B) loans fully secured by a certificate of deposit at Westbound; provided, that in the event that Westbound desires to make or renew any such loan which would exceed $500,000, individually or in the aggregate, to any borrower, it shall so advise Guaranty via e-mail transmission. Guaranty shall notify Westbound via e-mail transmission within two business days of receipt of such notice whether Guaranty consents to such Loan; provided, that if Guaranty fails to notify Westbound within such time frame, Guaranty shall be deemed to have consented to such loan;

renew, extend the maturity of, or alter the material terms of any loan except in compliance with Westbound s existing policies and procedures and consistent with past practices;

renew, extend the maturity of, or alter any of the material terms of any loan classified as OAEM , substandard or doubtful other than in the ordinary course of business;

sell investment securities or purchase investment securities, other than U.S. Treasuries with a maturity of two years or less;

institute, settle or agree to settle, any litigation, action or proceeding before any governmental authority other than in the ordinary course of business; *provided* that any payments provided for under any such settlement or agreement, contingent or otherwise, shall be accounted for in the calculation of Westbound s adjusted tangible equity;

redeem, purchase or otherwise acquire or obligate it to acquire, directly or indirectly, any of its capital or other securities;

(i) make, change or revoke any material tax election, (ii) change any material method of tax accounting, (iii) enter into any closing agreement or settle, compromise or abandon any audit or other proceeding relating to material taxes, or (iv) file any amended material Tax Return;

issue a replacement of any certificate representing its securities except upon (i) written notice to Guaranty, (ii) presentation of a properly executed lost certificate affidavit in form reasonably satisfactory to Guaranty and (iii) if required by Guaranty, the delivery of an indemnity or surety bond in the amount of the consideration payable with respect to shares of Westbound stock represented therein; or

enter into any agreement or make any commitment whether in writing or otherwise to take any of the types of foregoing action.

Guaranty has agreed that, prior to the effective time, subject to specified exceptions, it will, and will cause GBT to:

- maintain its corporate existence in good standing;
- maintain the general character of its business and conduct its business in its ordinary and usual manner;
- extend credit only in accordance with existing lending policies and practices; and
- use commercially reasonable efforts to preserve its business organization intact, to retain the services of its present employees, officers, directors and agents, to retain its present customers, depositors, suppliers and correspondent banks and to preserve its goodwill and the goodwill of its suppliers, customers and others having business relationships with it.

Additionally, Guaranty will not, nor will it permit any of its subsidiaries to, (i) amend its organizational documents in a manner that would adversely affect Westbound, (ii) take, or knowingly fail to take, any action that would reasonably be expected to prevent the merger from qualifying as a reorganization under

Section 368(a) of the Code, (iii) take any action that would adversely affect or delay (A) the ability to obtain the necessary approvals of any governmental authority required for the consummation of the Westbound merger proposal, or (B) its ability to perform its obligations under the merger agreement or to consummate the merger, or (iv) agree or commit to do any of the foregoing.

Regulatory Matters. Guaranty has agreed to, with the cooperation of Westbound, file or cause to be filed applications for all regulatory approvals required to be obtained by Guaranty and GBT in connection with the merger agreement and the transactions contemplated thereby, including the necessary application for the prior approval of the merger by the OCC. Westbound and its advisors have the right to review and comment upon the non-confidential portions of regulatory applications prior to submission, provided that they review and provide comments in a reasonably prompt manner, and Guaranty will consider such comments in good faith. Guaranty will use its commercially reasonably best efforts to obtain all such regulatory approvals and any other approvals from third parties at the earliest practicable time. Guaranty has agreed to keep Westbound reasonably informed as to the status of such applications and filings, and to promptly furnish Westbound and its counsel with copies of all such regulatory filings and all correspondence for which confidential treatment has not been requested. On March 27, 2018, Guaranty received regulatory approval for the merger from the OCC.

Westbound has agreed to prepare and furnish Guaranty with all information concerning Westbound that is required for inclusion in any application, statement or documents to be made or filed by Guaranty with any governmental authority in connection with the transactions contemplated by the merger agreement. Westbound has also agreed to fully cooperate with Guaranty in the filing of any applications, statements and documents necessary to complete the transactions contemplated by the merger agreement. In addition, Westbound has agreed that none of the information supplied by Westbound for inclusion in this proxy statement/prospectus, the registration statement of which this proxy statement/prospectus is a part and any other filings made under applicable federal or Texas banking or securities laws will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Guaranty has agreed that none of the information supplied by Guaranty for inclusion in the registration statement of which this proxy statement/prospectus is a part and any other filings made under applicable federal or Texas banking or securities laws will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Employee Benefit Matters. Guaranty has agreed that the employees of Westbound who continue their employment after the closing date (which we refer to as the continuing employees) will be entitled to participate as newly hired employees in the employee benefit plans and programs maintained for employees of Guaranty and GBT, subject to the granting of credit for prior service as described below, in accordance with the respective terms of such plans and programs, and Guaranty will take all actions necessary or appropriate to facilitate coverage of the continuing employees in such plans and programs and the granting of such credit from and after the closing date.

Each continuing employee will be entitled to credit for prior service with Westbound for all purposes under the employee welfare benefit plans and other employee benefit plans and programs (other than for purposes of vesting under stock incentive plans and for benefits accrual purposes under Guaranty s employee stock ownership plan), sponsored by Guaranty or GBT to the extent permitted by applicable law. To the extent permitted by applicable law, any eligibility waiting period and pre-existing condition exclusion applicable to such plans and programs shall be waived with respect to each continuing employee and their eligible dependents. Without limiting the foregoing, Guaranty shall extend coverage to continuing employees for health care, dependent care and limited purpose health care flexible spending accounts established under Section 125 of the Code to the same extent as available to similarly situated employees of Guaranty or its subsidiaries to the extent permitted by applicable law. Guaranty shall give effect to any elections made by the continuing employees with respect to such accounts under Westbound s employee benefit plans to the extent permitted by applicable law. The continuing employees shall be credited with amounts available for reimbursement equal to such amounts as were credited under Westbound s employee benefit plans to the extent permitted by applicable law. Notwithstanding the foregoing, to the extent that waiving such conditions or crediting such amounts requires the consent of Guaranty s or GBT s health insurance carrier, Guaranty shall only be required to use commercially reasonable best efforts to cause such carrier to waive such conditions and credit such amounts. Guaranty shall provide each continuing employee with credit for co-payments and deductibles paid in the plan year in which the closing date occurs in satisfying any applicable deductible or out-of-pocket requirements under the Guaranty plans in which such continuing employee is entitled to participate. For purposes of determining the continuing employee s benefits for the calendar year in which the merger occurs under Guaranty s vacation program, any vacation taken by a continuing employee immediately preceding the closing date for the calendar year in which the merger occurs will be deducted from the total Guaranty vacation benefit available to such continuing employee for such calendar year.

Guaranty has agreed that, prior to the closing date, GBT will provide Westbound with a list of Westbound employees who will not be offered employment and a list of Westbound employees who will be provided retention agreements, including the terms and conditions of such retention agreements. Provided that Westbound has properly terminated such employees at or prior to the effective time, Westbound may make severance payments to terminated employees in accordance with Westbound s existing severance policies in Westbound s employee benefit plans as of January 29, 2018. However, any such severance payments or retention or stay put bonuses paid by Westbound to its employee will be deemed transaction expenses for purposes of calculating Westbound s adjusted tangible equity.

Director and Officer Indemnification and Insurance. The merger agreement provides that for a period of six years after the effective time, Guaranty and GBT will indemnify, advance expenses to defend and hold harmless each person entitled to indemnification or advancement of expenses from Westbound against all liabilities, costs, expenses, judgment, fines, losses, claims, or damages arising out of or relating to any actions or omissions occurring at or prior to the effective time (including, without limitation, matters related to the negotiation, execution or performance of the merger agreement or consummation of the merger) to the same extent and subject to the conditions set forth in the articles of association and bylaws of Westbound, as in effect as of the execution date of the merger agreement; *provided* that the indemnified party to whom expenses are advanced provides a signed written undertaking to repay such advances if it is ultimately determined by a court of competent jurisdiction that such indemnified party is not entitled to indemnification under applicable law. If Guaranty or GBT fails promptly to pay the amounts due and, in order to obtain payment, an indemnified party commences a proceeding which results in a judgment against Guaranty or GBT, Guaranty or GBT shall pay the costs and expenses of the indemnified party in connection with such proceeding. If Guaranty, GBT or any of their respective successors or assigns shall consolidate with or merge into any other entity and shall not be the continuing or surviving entity of such consolidation or merger or shall transfer all or substantially all of its assets to any other entity, then and in each case, proper provision shall be made so that the successors and assigns of Guaranty, GBT, or the respective surviving company shall assume the foregoing indemnification obligations prior to or simultaneously with the consummation of such transaction.

Contemporaneously with the closing of the merger, Westbound will purchase a six-year tail policy under Westbound s existing directors and officers liability insurance policy, on terms approved by Guaranty (such approval not to be unreasonably withheld, conditioned or delayed) for purposes of covering actions occurring before the effective time. The premiums for such coverage will be paid and accrued for by Westbound and will be included (as a deduction) in the calculation of Westbound s adjusted tangible equity.

Additional Agreements. In addition to the agreements described above, Guaranty and Westbound have agreed in the merger agreement to take certain other actions, including but not limited to:

each party has agreed to use commercially reasonable efforts to cause the consummation of the transactions contemplated by the merger agreement in accordance with the terms and conditions of the merger agreement;

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each party has agreed to have its officers (and GBT s officers in the case of Guaranty) execute and deliver to Fenimore, Kay, Harrison & Ford, LLP and Hunton & Williams, LLP, respectively, certificates containing appropriate representations and covenants, reasonably satisfactory in form and substance to such counsel, at such time or times as may be reasonably requested by such counsel, in connection with such counsel s deliveries of opinions with respect to the U.S. federal income tax treatment of the merger;

each party has agreed to certain confidentiality and non-disclosure obligations with respect to information furnished to such party by the other party or its representatives;

Westbound has agreed to, at least three business days before the closing of the merger, provide Guaranty with supplemental confidential disclosure schedules to the merger agreement reflecting any material changes between January 29, 2018 and the closing date;

Westbound has agreed, to the extent permitted by applicable law and subject to certain specified exceptions, to afford the officers, directors, employees, attorneys, accountants, investment bankers and authorized representatives of Guaranty full access during regular business hours to all of the books, contracts, commitments, personnel and records of Westbound, and furnish to Guaranty all such information concerning Westbound as Guaranty may reasonably request so that Guaranty may make such reasonable investigation as it desires;

Westbound has agreed to deliver or make available to Guaranty all unaudited monthly financial statements prepared for the internal use of management of Westbound and all Reports of Condition and Income for Westbound filed with any governmental authority after the date of the merger agreement;

Westbound has agreed, subject to certain specified exceptions, to provide Guaranty with copies of the minutes of all regular and special meetings of the Westbound Board, and of any committee thereof, held on or after the date of the merger agreement, as soon as available, but in any event within ten (10) business days after the date of any such meeting;

Westbound has agreed to promptly notify Guaranty in writing (i) if Westbound becomes aware of any fact or condition that makes untrue, or shows to have been untrue, in any material respect, any material written information provided by Westbound to Guaranty, any schedule to the merger agreement or any representation or warranty made by Westbound in the merger agreement or that results in Westbound s failure to comply with any covenant, condition or agreement contained in the merger agreement, (ii) of any litigation, or of any claim, controversy or contingent liability that is reasonably expected to become the subject of litigation, against Westbound or affecting any of its properties, if such litigation or potential litigation is reasonably likely, in the event of an unfavorable outcome, to result in a Material Adverse Change to Westbound, and of any legal action, suit or proceeding or judicial, administrative or governmental investigation, pending or, to the best knowledge of Westbound, threatened against Westbound that (A) questions or could reasonably be expected to question the validity of the merger agreement or the agreements contemplated thereby, or any actions taken or to be taken by Westbound pursuant thereto or (B) seeks to enjoin or otherwise restrain the transactions contemplated thereby or by the merger agreement, and (iii) if any change shall have occurred or, to the best knowledge of Westbound, been threatened (or any development shall have occurred or, to the best knowledge of Westbound, been threatened involving a prospective change) in the business, financial condition or operations of Westbound that has resulted in or would reasonably be expected to result in a Material Adverse Change to Westbound;

Westbound has agreed to use commercially reasonable efforts to obtain all consents and approvals from the nongovernmental third parties identified on the confidential disclosure schedules to the merger agreement and to cooperate in all commercially reasonable respects with Guaranty to obtain all such approvals and consents required of Guaranty;

Westbound has agreed that Guaranty has the right to inspect any property of Westbound, including conducting asbestos surveys and sampling, environmental assessments and investigation, and other environmental surveys and analyses including soil and ground sampling, and to conduct such further investigations as a result of such initial environmental inspections, subject to Guaranty s compliance with notice and other requirements in connection with such inspections as described in the merger agreement;

Westbound has agreed to obtain from each of the directors and executive officers of Westbound a written release executed by such director or executive officer and dated the closing date, releasing Westbound from claims arising before the effective time;

Westbound has agreed to, if requested in writing by Guaranty, consistent with GAAP, regulatory accounting principles and applicable banking laws, immediately before the closing of the merger, make such accounting entries as Guaranty may reasonably request in order to conform the accounting records of Westbound to the accounting policies and practices of Guaranty;

Westbound has agreed to take all actions necessary to terminate each contract reasonably requested by Guaranty, prior to the closing date, provided that any and all costs, fees, expenses, contract payments, penalties or liquidated damages paid by Westbound in connection with the termination of any such contract will be deemed transaction expenses for purposes of calculating Westbound s adjusted tangible equity;

Westbound has agreed to maintain its allowance for loan and lease losses at the greater of (i) a level consistent with its historical methodology and in material compliance with GAAP and regulatory accounting principles (as applicable) and the Interagency Policy Statement on the Allowance for Loan and Lease Losses or (ii) one and twenty-three hundredths percent (1.23%) of all outstanding loans of Westbound, provided, that any specific reserves for the loans set forth on the confidential disclosure schedules to the merger agreement (which shall be subject to the escrow agreement as described in the section entitled, The Merger Agreement Structure of the Merger Escrow Holdback , beginning on page 85) shall be excluded from the calculation of Westbound s allowance for loan and lease losses for purposes of clause (i) of this sentence, and if the allowance for loan and lease losses is less than such minimum amount on the applicable calculation date, Westbound has agreed to make a provision for loan loss in an amount necessary to increase the allowance for loan and lease losses to an amount equal to such minimum amount. Such amounts will be paid and accrued for by Westbound and will be included (as a deduction) in the calculation of Westbound s adjusted tangible equity;

Westbound has agreed that (i) all transfer, documentary, sales, use, stamp, registration and other such taxes and all conveyance fees, recording charges and other fees and charges incurred by Westbound or its affiliates in connection with the consummation of the transactions contemplated by the merger agreement, if any, will be paid 50% by Westbound when due, and if Westbound is responsible under applicable law, Westbound will file all necessary tax returns and other documentation with respect to all such taxes, fees and charges, and, if Guaranty is responsible for such filing under applicable law, Westbound will, and will cause its affiliates to, join in the execution of any such tax returns and other documentation, (ii) Westbound will comply with the recordkeeping and information reporting requirements set forth in Treasury Regulation Section 1.368-3, (iii) Westbound will use its commercially reasonable efforts to obtain any certificate or other document from any governmental authority or any other person as may be necessary to mitigate, reduce or eliminate any tax that could be imposed as a direct result of the transactions contemplated by the merger agreement, (iv) Westbound will not take any action or omit to take any action that would prevent or impede the merger from qualifying as a reorganization described in Section 368(a) of the Code or satisfying the continuity of business enterprise requirement for a reorganization as provided in Treasury Regulation Section 1.368-1(d) and (v) in the event of any audit of Westbound s federal or state tax returns prior to the consummation of the merger, Westbound will cooperate with Guaranty regarding any such audit and will not settle the same without the consent of Guaranty, which consent will not be unreasonably withheld;

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Westbound has agreed to, prior to the closing date, use its reasonable best efforts to obtain all consents as may be required to effect the treatment of the Westbound options as described above and to cancel Westbound options outstanding as of the effective time and obtain the necessary acknowledgement and release agreements;

Guaranty has agreed to promptly notify Westbound in writing (i) if Guaranty becomes aware of any fact or condition that makes untrue, or shows to have been untrue, in any material respect, any schedule to the merger agreement or any representation or warranty made by Guaranty in the merger agreement or that results in Guaranty s failure to comply with any covenant, condition or agreement contained in the merger agreement, (ii) of any litigation, or of any claim, controversy or contingent liability that is reasonably expected to become the subject of litigation, against Guaranty or GBT or affecting any of their properties, if such litigation or potential litigation is reasonably likely, in the event of an unfavorable outcome, to result in a Material Adverse Change to Guaranty, and of any legal action, suit or proceeding or judicial, administrative or governmental investigation, pending or, to the knowledge of Guaranty, threatened against Guaranty or GBT that (A) questions or could reasonably be expected to question the validity of the merger agreement or the agreements contemplated thereby, or any actions taken or to be taken by Guaranty with respect thereto or to the merger agreement or (B) seeks to enjoin or otherwise restrain the transactions contemplated thereby or by the merger agreement, and (iii) if any change shall have occurred or been threatened (or any development shall have occurred or been threatened involving a prospective change) in the business, financial condition or operations of Guaranty and/or GBT that has or may reasonably be expected to have a Material Adverse Change with respect to Guaranty or GBT or lead to a failure to obtain necessary regulatory approval of the transactions contemplated by the merger agreement;

Guaranty has agreed, in addition to actions related to preparing and filing this proxy statement/prospectus and the registration statement of which this proxy statement/prospectus is a part, to use commercially reasonable efforts to obtain all necessary state securities law or blue sky permits and approvals required to carry out the transactions contemplated by the merger agreement;

Guaranty has agreed that neither it nor any of its subsidiaries will (i) amend the certificate of formation or bylaws of Guaranty in a manner that would adversely affect Westbound, (ii) take, or knowingly fail to take, any action that would reasonably be expected to prevent the merger from qualifying as a reorganization under Section 368(a) of the Code, (iii) take any action that would adversely affect or delay (A) the ability to obtain the necessary approvals of any governmental authority required for the consummation of the transactions contemplated hereby, or (B) its ability to perform its obligations under the merger agreement or to consummate the transactions contemplated hereby, or (iv) agree or commit to do any of the foregoing;

Guaranty has agreed to advise Westbound of the issuance of any stop order or the suspension of the qualification of shares of Guaranty common stock for offering or sale in any jurisdiction, or in the initiation or, to the extent Guaranty is aware thereof, threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the registration statement of which this proxy statement/prospectus is a part or for additional information, and to promptly provide Westbound copies of all correspondence between Guaranty or any of its representatives, on the one hand, and the SEC, on the other hand;

Guaranty has agreed to, as promptly as practicable, file all documents, take all actions reasonable necessary and otherwise use its commercially reasonable best efforts to list, before the closing date, on NASDAQ the shares of Guaranty common stock to be issued to Westbound shareholders in connection with the merger;

Guaranty has agreed that the shares of Guaranty common stock to be issued by Guaranty to Westbound s shareholders pursuant to the merger agreement will, on the issuance and delivery to such shareholders pursuant to the merger agreement, be duly authorized, validly issued, fully paid and nonassessable, such shares are and will be free of any preemptive rights of Guaranty shareholders or

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any other person, and such shares will be freely tradeable by each Westbound shareholder who is not a dealer for purposes of the Securities Act, except for shares issued to any Westbound shareholder who may be deemed to be an affiliate of Guaranty under the Exchange Act after completion of the merger; and

Guaranty has agreed that (i) all transfer, documentary, sales, use, stamp, registration and other such taxes and all conveyance fees, recording charges and other fees and charges incurred by Guaranty or its affiliates in connection with the consummation of the transactions contemplated by the merger agreement, if any, will be paid 50% by Guaranty when due, and if Guaranty is responsible under applicable law, Guaranty will file all necessary tax returns and other documentation with respect to all such taxes, fees and charges, and, if Westbound is responsible for such filing under applicable law, Guaranty will, and will cause its affiliates to, join in the execution of any such tax returns and other documentation, (ii) after the effective time, Guaranty may settle any audit of Westbound commencing prior to the effective time in any matter that it determines is appropriate and will pay all amounts due with respect to such settlement, (iii) Guaranty will comply with the recordkeeping and information reporting requirements set forth in Treasury Regulation Section 1.368-3, (iv) Guaranty will use its commercially reasonable efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any tax that could be imposed as a direct result of the transactions contemplated under the merger agreement, and (v) following the merger, Guaranty will not take any action or omit to take any action, including any action or omission after the effective time, that would prevent or impede the merger from qualifying as a reorganization described in Section 368(a) of the Code or satisfying the continuity of business enterprise requirement for a reorganization as provided in Treasury Regulation Section 1.368-1(d).

Shareholder Meeting and Recommendation of Westbound s Board of Directors

Westbound has agreed to hold a meeting of its shareholders for the purpose of voting upon the approval of the Westbound merger proposal as soon as practicable after the registration statement of which this proxy statement/prospectus is a part is declared effective, but no later than 50 days following the registration statement becoming effective. The Westbound Board has agreed to (i) present for consideration of Westbound shareholders a proposal to approve the Westbound merger proposal, (ii) cause proper notice of the Westbound special meeting to be given to Westbound shareholders in compliance with applicable law, (iii) distribute to Westbound shareholders this proxy statement/prospectus, (iv) subject to the exception described below, recommend that Westbound s shareholders approve the Westbound merger proposal, and (v) perform such other acts as may be reasonably necessary to ensure that the requisite shareholder vote is obtained.

However, the Westbound Board may change, withdraw or fail to make its recommendation to Westbound shareholders (each, a change of recommendation) if and only to the extent that (i) Westbound and each of Westbound s representatives (to the extent applicable) has complied in all respects with its non-solicitation obligations under the merger agreement, (ii) the Westbound Board, after consultation with its outside counsel, has determined in good faith that failure to make a change in recommendation would reasonably be expected to be inconsistent with its fiduciary duties under applicable law, and (iii) if the Westbound Board intends to make a change in recommendation with respect to an acquisition proposal, (A) the Westbound Board has concluded in good faith, after giving effect to any adjustments that are offered in writing by Guaranty as described in subclause (C) below, that such acquisition proposal constitutes a Superior Proposal (as defined in the merger agreement), (B) Westbound has notified Guaranty, at least four business days in advance, of its intention to make a change in recommendation in response to such Superior Proposal (including the identity of the party making such acquisition proposal) and furnished to Guaranty a written description of the material terms of the Superior Proposal and copies of such other material documents that Westbound is not required to keep confidential, and (C) before making such a change in recommendation, Westbound, and its financial and legal advisors, during the period after Westbound s delivery of the notice referred to in subclause

(B) above, negotiated with Guaranty in good faith (to the extent Guaranty desires to negotiate) to make such adjustments in the terms and conditions of the merger agreement so that such acquisition proposal ceases to constitute a Superior Proposal.

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Agreement Not to Solicit Other Offers

Westbound has agreed that it will not, and will cause its employees, directors and officers not to, and will instruct its financial advisors and agents not to, (i) solicit, knowingly encourage, initiate or participate in any negotiations or discussions with any third party (except for the limited purpose of notifying such person of the existence of these non-solicitation obligations) regarding an acquisition proposal, whether by acquisition, business combination, purchase of securities or assets or otherwise; (ii) disclose to any third party any information concerning the business, properties, books or records of Westbound in connection with any acquisition proposal, other than as compelled by law; or (iii) cooperate with any third party to make any acquisition proposal. For purposes of the merger agreement, an acquisition proposal means any offer, proposal, inquiry or indication of interest (other than an offer, proposal, inquiry or indication of interest by Guaranty) involving Westbound contemplating or otherwise relating to any of the following: (i) any merger, consolidation, share exchange, business combination, issuance of securities, acquisition of securities, tender offer, exchange offer or other similar transaction (A) in which Westbound is a constituent corporation, (B) in which a person or group (as defined in the Exchange Act and the rules promulgated thereunder) of persons directly or indirectly acquires beneficial or record ownership of securities representing more than 15% of the outstanding securities of any class of voting securities of the bank or (C) in which Westbound issues or sells securities representing more than 25% of the outstanding securities of any class of voting securities of Westbound; or (ii) any sale (other than sales in the ordinary course of business), lease (other than in the ordinary course of business), exchange, transfer (other than in the ordinary course of business), license (other than nonexclusive licenses in the ordinary course of business), acquisition or disposition of any business or businesses or assets or properties that constitute or account for 25% or more of the consolidated net revenues, net income, assets or properties of Westbound. Westbound has agreed to, promptly upon receipt of any unsolicited offer, communicate to Guaranty the terms of any proposal or request for information and the identity of the parties involved.

However, in the event Westbound receives an unsolicited bona fide written acquisition proposal prior to the approval of the Westbound merger proposal by the shareholders of Westbound by the requisite shareholder vote, Westbound and its representatives may engage in negotiations and discussions with, and furnish any information and other access (so long as all such information and access has previously been made available to Guaranty or is made available to Guaranty before or concurrently with the time such information or access is made available to such person) to, any person making such acquisition proposal if, and only if, the Westbound Board determines in good faith, after consultation with outside legal and financial advisors, that (i) such acquisition proposal is or is reasonably capable of becoming a Superior Proposal (as defined in the merger agreement) and (ii) the failure of the Westbound Board to furnish such information or access or enter into such discussions or negotiations would reasonably expected to be, a violation of its fiduciary duties to Westbound shareholders; but before furnishing any material nonpublic information, Westbound shall have received from the person making such acquisition proposal an executed confidentiality agreement with terms at least as restrictive in all material respects on such person as the confidentiality agreement between Guaranty and Westbound, which confidentiality agreement shall not prohibit Westbound from complying with its non-solicitation obligations.

In addition, Westbound has agreed to promptly, within 48 hours of receipt of the unsolicited, bona fide acquisition proposal, (i) notify Guaranty in writing of the receipt of such acquisition proposal or any request for nonpublic information relating to Westbound or for access to the properties, books or records of Westbound by any person that has made, or to the best knowledge of Westbound may be considering making, an acquisition proposal and (ii) communicate the material terms of such acquisition proposal to Guaranty. Westbound will keep Guaranty reasonably apprised of the status of and other material matters relating to any such acquisition proposal, including any material modification or amendment to the terms thereof, on a reasonably timely basis.

In the event Westbound determines to terminate the merger agreement and pursue a transactions with a third party after complying with the procedures detailed above, Westbound may be required to pay a termination fee to Guaranty. See the sections entitled Termination of the Agreement and Termination Fee beginning on pages 104 and 106, respectively.

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Conditions to Complete the Merger

Guaranty s and Westbound s respective obligations to complete the merger are subject to the satisfaction or waiver of the following conditions:

- the other party s representations and warranties contained in the merger agreement being true and correct in all material respects (except for those representations and warranties which are qualified by materiality standard, which shall be true and correct in all respects) as of the date of the merger agreement and as of the closing date (other than those limited to a specified date, which shall speak only as to such date);
- the performance or compliance in all material respects by each party with all agreements, terms, covenants and conditions required by the merger agreement to be performed or complied with by such party at or before the closing of the merger;
- receipt of all documents and certificates required to be delivered by the other party in form and substance satisfactory to the receiving party;
- the approval of the Westbound merger proposal by holders of Westbound stock;
- the effectiveness of the registration statement of which this proxy statement/prospectus is a part with respect to the Guaranty common stock to be issued upon the consummation of the merger, the absence of any stop order or proceedings to suspend the effectiveness of the registration statement, and the receipt of all necessary approvals under state securities laws relating to the issuance or trading of the shares of Guaranty common stock to be issued in the merger;
- the authorization for listing on NASDAQ of the shares of Guaranty common stock to be issued to Westbound shareholders in the merger and the absence of any withdrawal or revocation of such approval;
- the absence of any Material Adverse Change with respect to the other party since December 31, 2017; and
- receipt by each party of an opinion of such party s legal counsel to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, that are consistent with the state of facts existing at the effective time, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Westbound s obligations to complete the merger are also subject to the satisfaction or waiver of the following conditions:

the receipt by Westbound of all consents and approvals from non-governmental third parties identified on the confidential disclosure schedules to the merger agreement and the expiration of all necessary waiting periods;

no action having been taken, and no statute, rule, regulation or order having been promulgated, enacted, entered, enforced or deemed applicable to the merger agreement or the transactions contemplated thereby by any governmental authority, including by means of the entry of a preliminary or permanent injunction, that would (i) make the merger agreement or any other agreement contemplated thereby or by the merger agreement, or the transactions contemplated thereby or by the merger agreement, illegal, invalid or unenforceable, (ii) impose material limits on the ability of any party to the merger agreement to consummate the merger agreement or any other agreement contemplated by the merger agreement, or the transactions contemplated thereby or by the merger agreement, or (iii) upon the consummation of the merger agreement or any other agreement contemplated thereby, or the transactions contemplated thereby or by the merger agreement, subject or could reasonably be expected to subject Westbound, or any of its officers, directors, shareholders or employees, to criminal or civil liability, and the absence of any threatened, instituted or pending action or proceeding by or before any governmental authority or by any other person that could reasonably be expected to result in any of the consequences referred to in clauses (i) through (iii) above; and

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Guaranty having delivered, or caused to be delivered, to the exchange agent, the aggregate merger consideration, and Westbound having received evidence of the same from Guaranty.

In addition, Guaranty s obligations to complete the merger are subject to the satisfaction or waiver of the following conditions:

the receipt by Guaranty of approvals and consents as may be required by applicable law from all applicable governmental authorities, including the OCC in connection with the merger agreement and any other agreement contemplated thereby, and with the consummation of the transactions contemplated thereby and by the merger agreement, and the expiration of all applicable waiting periods, and such approvals and consents not having imposed, in the reasonable good faith judgment of Guaranty, any material adverse requirement upon Guaranty or its subsidiaries;

no action having been taken, and no statute, rule, regulation or order having been promulgated, enacted, entered, enforced or deemed applicable to the merger agreement, or the transactions contemplated thereby or by the merger agreement by any governmental authority, including by means of the entry of a preliminary or permanent injunction, that would (i) make the merger agreement or any other agreement contemplated thereby or by the merger agreement, or the transactions contemplated thereby or by the merger agreement, illegal, invalid or unenforceable, (ii) require the divestiture of a material portion of the assets of Westbound or Guaranty, (iii) impose material limits on the ability of any party to the merger agreement to consummate the merger agreement or any other agreement contemplated by the merger agreement, or the transactions contemplated thereby or by the merger agreement, (iv) otherwise result in a Material Adverse Change to GBT or Guaranty, or (v) upon the consummation of the merger agreement or any other agreement contemplated thereby, or the transactions contemplated thereby or by the merger agreement, subject or would reasonably be expected to subject Guaranty or any of its subsidiaries, or any officer, directors, shareholder or employee of Guaranty or any of its subsidiaries, to criminal or civil liability, and the absence of any threatened, instituted or pending action or proceeding by or before any governmental authority or by any other person that would reasonably be expected to result in any of the consequences referred to in clauses (i) through (v) above;

Westbound s adjusted tangible equity being no less than $16,500,000;

the allowance for loan and lease losses of Westbound being at least the greater of (i) at a level consistent with its historical methodology and in material compliance with GAAP and regulatory accounting principles (as applicable) and the Interagency Policy Statement on the Allowance for Loan and Lease Losses or (ii) 1.23% of all outstanding loans of Westbound as of the closing date; provided that any specific reserves set forth on Westbound s confidential disclosure schedules to the merger agreement shall be excluded from the calculation of Westbound s allowance for loan and lease losses for making the foregoing calculation;

the exercise of dissenters rights by the holders of not more than 5.0% of the issued and outstanding shares of Westbound stock;

the voting agreements remaining in full force and effect as of the closing date;

each of the Westbound director support agreements remaining in full force and effect as of the closing date;

each of the employment agreements remaining in full force and effect as of the closing date;

each of the non-solicitation agreements having been executed and remaining in full force and effect as of the closing date;

the escrow agreement shall having been executed and remaining in full force and effect as of the closing date;

each director of Westbound having entered into an agreement releasing Westbound from any and all claims by such director, and such releases remaining in full force and effect as of the closing date;

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certain officers of Westbound having entered into an agreement releasing Westbound from any and all claims by such officer, and such releases remaining in full force and effect as of the closing date;

delivery by Westbound to Guaranty of evidence, in form and substance reasonably satisfactory to Guaranty, that each of the terminated contracts as set forth in the confidential disclosure schedules to the merger agreement has been terminated by Westbound prior to the closing date;

delivery by Westbound to Guaranty of a duly executed certificate, in form and substance as prescribed by Treasury regulations promulgated under Section 1445 of the Code, of a notice to the IRS conforming to the requirements of Treasury Regulations Sections 1.445-2(c)(3) and 1.897-2(h) stating that Westbound is not, and has not been, during the relevant period specified in Section 897(c)(1)(A)(ii) of the Code, a United States real property interest within the meaning of Section 897(c)(1) of the Code; and

each holder of Westbound options entering into an option holder termination and release agreement and such agreements having not been terminated and remaining in full force and effect as of the closing date.

Neither Westbound nor Guaranty can provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party, or that the merger will be completed.

Termination of the Merger Agreement

The merger agreement can be terminated at any time prior to the effective time in the following circumstances, whether before or after approval of the Westbound merger proposal by Westbound shareholders:

by mutual written consent of Guaranty and Westbound, if the Guaranty Board and the Westbound Board each determine by a vote of a majority of the members of the entire board;

by the Guaranty Board or Westbound Board, if any governmental authority that must grant a requisite regulatory approval has denied approval of or the merger or the other transactions contemplated by the merger agreement, unless the failure to obtain a requisite regulatory approval is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements set forth in the merger agreement;

by the Guaranty Board or Westbound Board (provided, that the terminating party is not in material breach of any representation, warranty, covenant or other agreement in the merger agreement) if the merger has not been completed on or before September 30, 2018; *provided*, *however*, that if the merger has not been consummated on or before such date because approval to consummate the transactions contemplated by the merger agreement has not been received from a governmental authority, then such date may be extended by either party without the consent of the other parties to the merger agreement for a period not to exceed 31 days; provided further, that such termination date or extension thereof may also be extended to such later date as agreed upon by the parties to the merger agreement; and provided further, that the right to terminate the merger agreement described in this paragraph will not be available to any party whose action or failure to act has been the primary cause of or resulted in the failure of the closing of the merger to occur on or before such date;

by the Guaranty Board or Westbound Board (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), if there is a breach of any of the covenants or agreements or any of the representations or warranties (or any such representation or warranty ceases to be true) set forth in the merger agreement on the part of the other party which either individually or in the aggregate would constitute, if occurring or continuing on the closing date, the failure of a closing condition of the terminating party and which is not cured within 30 days following written notice to the party committing such breach, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the termination date);

by Guaranty, in connection with Guaranty s right to conduct environmental inspections and secondary investigations as described in the merger agreement, if, with respect to Westbound s properties only, (i) the factual substance of any warranty or representation by Westbound with respect to environmental compliance in the merger agreement is not materially true and accurate, (ii) the results of an environmental inspection or secondary investigation are disapproved by Guaranty because such inspection or investigation identifies material violations or potential material violations of environmental laws, (iii) Westbound has refused to allow Guaranty to conduct an environmental inspection or secondary investigation in a manner that Guaranty reasonably considers necessary, (iv) the environmental inspection or secondary investigation identifies any past or present event, condition or circumstance that would or potentially would reasonably be expected to result in a Material Adverse Change to Westbound, (v) the environmental inspection or secondary investigation identifies the presence of any underground or above ground storage tank in, on or under any property that is not shown to be in material compliance with all environmental laws applicable to the tank either at January 29, 2018 or at a future time certain, or that has had a release of petroleum or some other hazardous material that has not been cleaned up to the satisfaction of the relevant governmental authority or any other party with a legal right to compel cleanup, which if Westbound were to take cleanup or remedial action to correct same, would result in a Material Adverse Change; or (vi) the environmental inspection or secondary investigation identifies the presence of any asbestos-containing material in, on or under any property, the removal of which would reasonably be expected to result in a Material Adverse Change to Westbound;

by Guaranty, if the Westbound Board (i) changes, withdraws or fails to make a recommendation in this proxy statement/prospectus that the shareholders of Westbound approve the Westbound merger proposal, or withdraws, modifies or qualifies such recommendation in a manner adverse to Guaranty, or resolves to do so, or, (ii) recommends or endorses a Superior Proposal, or (iii) breaches certain obligations, including with respect to the non-solicitation of acquisition proposals or calling a meeting of its shareholders and recommending that they approve the Westbound merger proposal, in any material respect;

by Guaranty, if Westbound has failed to obtain the approval by holders of Westbound stock of the merger agreement and the transactions contemplated thereby at the duly convened the Westbound special meeting or any adjournment or postponement thereof at which a vote on the approval of the Westbound merger proposal was taken;

by Westbound, if prior to the approval of the Westbound merger proposal by Westbound s shareholders by the necessary shareholder vote, Westbound has effected a change of recommendation with respect to a Superior Proposal (as defined in the merger agreement) and has complied in all material respects with certain obligations, including with respect to the non-solicitation of acquisition proposals; or

by Westbound, if (i) the Guaranty determination date stock price is less than $25.14; and (ii) (A) the ratio of the Guaranty determination date stock price to $31.43 is less than (B) the ratio of the average of the daily closing value of the financial institutions included in the Index during the same time period used to calculate the Guaranty determination date stock price, to the average closing value of the Index on the trading day immediately prior to the date of the merger agreement, after subtracting 0.15 from the ratio in clause (B); *provided*, *however*, that any written notice to terminate the merger agreement based on the foregoing will have no force and effect if Guaranty agrees in writing within five business days of receipt of such notice to increase (i) the number of shares in the aggregate stock consideration from 900,000 and/or (ii) the aggregate cash consideration, such that the aggregate merger consideration is equal to $30,456,050 (valuing the aggregate stock consideration based on the Guaranty determination date stock price).

Effect of Termination

If the merger agreement is terminated, it will become void and have no effect, except that (i) designated provisions of the merger agreement will survive the termination, including those relating to the effect of termination of the merger agreement, the confidential treatment of information and miscellaneous provisions in Article XI of the merger agreement, and (ii) each of Guaranty and Westbound will remain liable for any liabilities or damages arising out of its willful and material breach of any provision of the merger agreement.

Termination Fee

Westbound will pay Guaranty a termination fee equal to $1,515,000 (which we refer to as the termination fee) if the merger agreement is terminated in the following circumstances:

In the event the merger agreement is terminated by Guaranty because the merger has not been completed prior to the termination date, if, at the time of termination (i) the Westbound special meeting has not occurred, (ii) there has been an acquisition proposal communicated to the Westbound Board at any time prior to the termination of the merger agreement, and (iii) within 12 months after the date of such termination, Westbound enters into a definitive agreement with the party or parties that made such acquisition proposal, then Westbound will, on the date it enters into the definitive agreement with respect to such acquisition proposal, pay Guaranty, by wire transfer of same day funds, the termination fee.

In the event that the merger agreement is terminated by Guaranty based on the Westbound Board having (i) changed, withdrawn or failed to make a recommendation in this proxy statement/prospectus that the shareholders of Westbound approve the Westbound merger proposal, or withdrawn, modified or qualified such recommendation in a manner adverse to Guaranty, or resolved to do so, (ii) recommended or endorsed a Superior Proposal, or (iii) breached certain obligations, including with respect to the non-solicitation of acquisition proposals or calling a meeting of its shareholders and recommending that they approve the Westbound merger proposal, in any material respect, then Westbound will pay Guaranty, by wire transfer of same day funds, the termination fee on the date of termination.

In the event that the merger agreement is terminated by Guaranty based on Westbound having failed to obtain the requisite approval of the holders of Westbound stock at a duly convened special meeting or any adjournment or postponement thereof at which a vote on the approval of the Westbound merger proposal was taken, and if at the time of the failure of Westbound shareholders to approve the Westbound merger proposal there exists an acquisition proposal that has not been withdrawn and that has been publicly announced or communicated to Westbound shareholders, and, within 12 months after the date of such termination, Westbound enters into a definitive agreement with respect to such acquisition proposal, then Westbound will pay Guaranty, by wire transfer of same day funds, the termination fee on the date that Westbound enters into such a definitive agreement.

In the event that the merger agreement is terminated by Westbound because, prior to the approval of the Westbound merger proposal by Westbound shareholders by the requisite shareholder vote, Westbound has received a Superior Proposal (as defined in the merger agreement) and has complied with its obligations under the merger agreement with respect to such Superior Proposal, then Westbound will pay Guaranty, by wire transfer of same day funds, the termination fee on the date of termination.

Expenses and Fees

Except as specifically provided in the merger agreement, all costs and expenses incurred in connection with the merger agreement and all agreements and documents contemplated thereby, and the consummation of the transactions contemplated thereby and by the merger agreement, will be paid by the party incurring such costs or expenses.

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Governing Law & Venue, Waiver of Jury Trial

The merger agreement is governed by, and interpreted in accordance with, the laws of the State of Texas. Venue for any dispute arising out of the merger agreement lies exclusively in any court of competent jurisdiction in Titus County, Texas. The parties have irrevocably and unconditionally waived all right to a trial by jury with respect to any litigation arising out of or relating to the merger agreement or the transactions contemplated thereby.

Amendment, Waiver and Extension of the Merger Agreement

Subject to compliance with applicable law, the merger agreement may be amended by the parties, by action taken or authorized by their respective boards of directors, at any time before or after approval of the Westbound merger proposal by Westbound shareholders, except that after approval of the Westbound merger proposal by Westbound shareholders, there may not be, without further approval of Westbound shareholders, any amendment of the merger agreement that decreases the consideration paid for the shares of Westbound stock that materially and adversely affects the rights of Westbound shareholders under the merger agreement. The merger agreement may not be amended except by an instrument in writing signed on behalf of each of the parties thereto.

At any time before the closing date, the parties, by action taken or authorized by their respective boards of directors, may, to the extent legally allowed, extend the time for the performance of any of the obligations or other acts of the other party, waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement, and waive compliance with any of the agreements or satisfaction of any conditions contained in the merger agreement. Any agreement on the part of a party to the merger agreement to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party in the manner provided above.

Westbound Director Support Agreements and Westbound Voting Agreement

The Westbound Director Support Agreements. In connection with entering into the merger agreement, each of the directors of Westbound has entered into a director support agreement with Guaranty pursuant to which they agree to use their reasonable efforts to refrain from harming the goodwill of Westbound and its customer and client relationships. By entering such director support agreements, each director also agreed to certain additional restrictive covenants, including certain confidentiality, noncompetition and non-solicitation obligations following the closing date.

The foregoing description of Westbound director support agreements is subject to, and qualified in its entirety by reference to, Westbound director support agreements, a form of which is attached as Exhibit B to the merger agreement (which is attached to this proxy statement/prospectus as Annex A) and is incorporated by reference into this proxy statement/prospectus.

The Westbound Voting Agreements. In connection with entering into the merger agreement, Guaranty entered into voting agreements with Westbound and certain executive officers and each director of Westbound, solely in their capacity as shareholders of Westbound. The shareholders who are party to such voting agreements beneficially own in the aggregate 628,493 shares of Westbound common stock, or approximately 31.9% of the outstanding shares of Westbound common stock, and 42,063 shares of Westbound preferred stock, or approximately 15.1% of the outstanding shares of Westbound preferred stock. The voting agreements require, among other things, that the shareholders party thereto vote all of their shares of Westbound stock in favor of the approval of the Westbound merger proposal and against any acquisition proposal, subject to certain specified exceptions, and generally prohibits them from transferring their shares of Westbound stock prior to the termination of the Westbound voting agreements.

The Westbound voting agreements will terminate upon the earlier of the termination of the merger agreement in accordance with its terms or the consummation of the merger.

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The foregoing description of Westbound voting agreements is subject to, and qualified in its entirety by reference to, the Westbound voting agreements, a form of which is attached as Exhibit A to the merger agreement (which is attached to this proxy statement/prospectus as Annex A) and is incorporated by reference into this proxy statement/prospectus.

ACCOUNTING TREATMENT

The accounting principles applicable to the merger as described in FASB ASC 805 provide transactions that represent business combinations are to be accounted for under the acquisition method. The acquisition method requires all of the following steps: (i) identifying the acquirer; (ii) determining the acquisition date; (iii) recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; and (iv) recognizing and measuring goodwill or a gain from a bargain purchase.

The appropriate accounting treatment for the merger is as a business combination under the acquisition method. On the acquisition date, as defined by ASC 805, Guaranty (the acquirer) will record at fair value the identifiable assets acquired and liabilities assumed, any noncontrolling interest, and goodwill (or a gain from a bargain purchase). The results of operations for the combined company will be reported prospectively subsequent to the acquisition date.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following discussion constitutes the opinion of Fenimore, Kay, Harrison & Ford, LLP and Hunton & Williams, LLP, subject to the assumptions and qualifications set forth below and in the tax opinions of each, which have been filed as Exhibits 8.1 and 8.2, respectively, to this registration statement to which this joint proxy statement/prospectus is a part, as to material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Westbound stock that exchange their shares of Westbound stock for the merger consideration. The following discussion is based upon the Code, the U.S. Treasury regulations promulgated thereunder and judicial and administrative authorities, rulings, and decisions, all as in effect on the date of this joint proxy statement/prospectus. These authorities may change, possibly with retroactive effect, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to the income tax.

The following discussion applies only to U.S. holders of shares of Westbound stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). We have assumed that no holder of Westbound preferred stock is receiving consideration in the merger on account of accrued but unpaid dividends.

Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that might be relevant to U.S. holders in light of their particular circumstances and does not apply to U.S. holders subject to special treatment under the U.S. federal income tax laws (such as, for example, dealers or brokers in securities, commodities or currencies, traders in securities that elect to apply a mark-to-market method of accounting, banks and certain other financial institutions, insurance companies, mutual funds, tax-exempt organizations and entities, including pension plans, individual retirement accounts and employee stock ownership plans, holders subject to the alternative minimum tax provisions of the Code, partnerships, S corporations or other pass-through entities or investors in partnerships, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, former citizens or residents of the United States, holders whose functional currency is not the U.S. dollar, holders who hold shares of Westbound stock as part of a hedge, straddle, constructive sale or conversion transaction or other integrated investment, holders who exercise appraisal rights, or holders who actually or constructively own more than 5% of Westbound stock).

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For purposes of this discussion, the term U.S. holder means a beneficial owner of Westbound stock that is for U.S. federal income tax purposes (1) an individual citizen or resident of the United States, (2) a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) such trust was in existence on August 20, 1996 and has a valid election in place to be treated as a U.S. person for U.S. federal income tax purposes, or (4) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Westbound stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Any entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Westbound stock, and any partners in such partnership, is urged to consult their tax advisors regarding the tax consequences of the merger to their specific circumstances.

Determining the actual tax consequences of the merger to you may be complex and will depend on your specific situation and on factors that are not within our control. We urge you to consult with your own tax advisor as to the specific tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign and other tax laws and of possible changes in those laws after the date of this proxy statement.

Summary of Tax Consequences of the Merger

The closing of the merger is conditioned upon the receipt by Guaranty of an opinion from Fenimore, Kay, Harrison & Ford, LLP, counsel to Guaranty, and the receipt by Westbound of an opinion from Hunton & Williams, LLP, counsel to Westbound, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither Guaranty nor Westbound currently intends to waive this opinion condition to its obligation to consummate the merger. If either Guaranty or Westbound waives this opinion condition after this registration statement is declared effective by the SEC, and if the tax consequences of the merger to Westbound shareholders have materially changed, Guaranty and Westbound will recirculate appropriate soliciting materials to resolicit the votes of Westbound shareholders. The opinions will be based on representation letters provided by Guaranty and Westbound and on customary factual assumptions. The opinion described above will not be binding on the IRS or any court. Guaranty and Westbound have not sought and will not seek any ruling from the IRS regarding any matters relating to the merger, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which the opinion is based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected.

Subject to the conditions and limitations of the preceding section, it is the opinion of each of Fenimore, Kay, Harrison & Ford LLP and Hunton & Williams, LLP that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, when a holder of Westbound stock receives a combination of Guaranty common stock and cash (other than cash received instead of fractional shares of Guaranty common stock) in the merger, (1) you will not recognize any loss upon surrendering your Westbound stock, and (2) you will recognize gain upon surrendering your Westbound stock equal to the lesser of (a) the excess, if any, of (i) the sum of the amount of cash consideration that you receive plus the fair market value (determined as of the effective time) of the Guaranty common stock that you receive over (ii) your aggregate adjusted tax basis in the shares of Westbound stock that you surrender, and (b) the amount of cash consideration that you receive.

The aggregate tax basis of the Guaranty common stock that you receive in the merger, including any fractional shares deemed received and redeemed for cash as described below, will equal your aggregate adjusted tax basis in the shares of Westbound stock that you surrender in the merger, decreased by the amount of any cash

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consideration (other than cash received instead of fractional shares of Guaranty common stock) received and increased by the amount of any gain recognized or any amount treated as a dividend, as described below (but excluding any gain resulting from the deemed receipt and redemption of fractional shares). Your holding period for the shares of Guaranty common stock that you receive in the merger (including any fractional share deemed received and redeemed for cash as described below) will include your holding period for the shares of Westbound stock that you surrendered in the merger in exchange therefor. If you acquired different blocks of Westbound stock at different times or at different prices, any gain or loss is calculated separately for each identifiable block of shares of Westbound stock surrendered in the merger, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. The basis and holding period of each block of Guaranty common stock you receive will be determined on a block-for-block basis depending on the basis and holding period of the blocks of Westbound stock exchanged for such block of Guaranty common stock. Holders are urged to consult their tax advisors regarding the manner in which cash and shares of Guaranty common stock should be allocated among different blocks of their Westbound stock surrendered in the merger.

Potential Treatment of Cash Consideration as a Dividend. Any gain described in the paragraph above will be capital gain unless your receipt of cash consideration has the effect of a distribution of a dividend, in which case the gain will be treated as a dividend to the extent of your ratable share of Westbound s accumulated earnings and profits, as calculated for U.S. federal income tax purposes. To the extent a distribution exceeds your ratable share of Westbound s accumulated earnings and profits, the distribution will be first applied against the adjusted tax basis in your stock and thereafter as gain from the sale or exchange of property. For purposes of determining whether your receipt of cash consideration has the effect of a distribution of a dividend, you will be treated as if you first exchanged all of your Westbound stock solely in exchange for Guaranty common stock (instead of the combination of stock consideration and cash consideration actually received in the merger) and then Guaranty immediately redeemed a portion of that stock for the cash consideration that you actually received in the merger, which is referred to herein as the deemed redemption.

Receipt of cash will generally be treated as capital gain and will not have the effect of a dividend to you if such receipt is not essentially equivalent to a dividend or substantially disproportionate, each within the meaning of Section 302(b) of the Code. The deemed redemption will generally be substantially disproportionate with respect to a shareholder if the percentage of the outstanding voting Westbound stock that a shareholder actually and constructively owns immediately after the deemed redemption is less than 80% of the percentage of the outstanding voting Westbound stock that the shareholder is deemed actually and constructively to have owned immediately before the deemed redemption. In order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the shareholder s deemed percentage stock ownership of Guaranty following the merger. The determination generally requires a comparison of the percentage of the outstanding stock of Guaranty that you are considered to have owned immediately before the deemed redemption to the percentage of the outstanding stock of Guaranty that you own immediately after the deemed redemption. The IRS has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would result in capital gain (as opposed to dividend) treatment.

For purposes of applying the foregoing tests, a shareholder will be deemed to own the stock the shareholder actually owns and the stock the shareholder constructively owns under the attribution rules of Section 318 of the Code. Under Section 318 of the Code, a shareholder will be deemed to own the shares of stock owned by certain family members, by certain estates and trusts of which the shareholder is a beneficiary, and by certain affiliated entities, as well as shares of stock subject to an option actually or constructively owned by the shareholder or such other persons. If, after applying these tests, the deemed redemption results in a capital gain, the capital gain will be long-term if your holding period for your Westbound stock is more than one year as of the date of the exchange. If, after applying these tests, the deemed redemption results in a distribution of a dividend, such dividend will be treated as either an ordinary dividend, taxable at ordinary income rates, or a qualified dividend, taxable at capital gain rates. Generally, any dividend you receive in connection with the merger will be a qualified dividend, provided you held the shares giving rise to such income for more than 60 days during the 121 day period beginning 60 days before the effective time. The determination as to whether you will recognize a capital gain or dividend income as a result of your exchange of Westbound stock for a combination of Guaranty common stock and cash in the merger is complex and is determined on a shareholder-by-shareholder basis. Accordingly, we urge you to consult your own tax advisor with respect to any such determination that is applicable to your individual situation.

Cash Instead of Fractional Shares

If you receive cash instead of a fractional share of Guaranty common stock, you will be treated as having received such fractional share of Guaranty common stock pursuant to the merger and then as having received cash in exchange for such fractional share of Guaranty common stock. As a result, you generally will recognize gain or loss equal to the difference between the amount of cash received instead of a fractional share and the adjusted tax basis in your fractional share of Guaranty common stock as set forth above. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if, as of the effective time, the holding period for such fractional share (including the holding period of shares of Westbound stock surrendered therefor) exceeds one year.

Tax Treatment of Special Dividend

Immediately prior to the closing of the merger, Westbound will make a special dividend to its shareholders and holders of Westbound options (as described herein) in an aggregate amount equal to the amount by which Westbound s adjusted tangible equity as of the determination date exceeds $16,500,000, unless the payment of such special dividend would result in the merger failing to qualify as a tax-free reorganization in accordance with the Code and the Treasury regulations promulgated thereunder.

Each holder of Westbound stock receiving the special dividend who: (a) is not a nonresident alien; (b) is not a nominee; (c) is not a corporation subject to income taxation under Subchapter C of Chapter 1 of the Code; (d) is neither a regulated investment company, as defined in Section 851 of the Code, nor a real estate investment trust, as defined in Section 856 of the Code; (e) is not under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property; (f) does not know or have reason to know that the special distribution is in fact a payment in lieu of a dividend rather than an actual dividend and Westbound reports the special distribution to the holder of Westbound stock on Form 1099-DIV; (g) does not elect to treat the special distribution as investment income under Section 163(d)(4)(B)(iii) of the Code; and (h) has held the Westbound stock held by such holder for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which the Westbound stock becomes ex-dividend with respect to the special distribution, will likely be entitled to treat the special distribution as qualified dividend income subject to federal income taxation at net capital gain rates under Section 1(h)(11) of the Code. It is not likely that any portion of the special dividend will be applied against a Westbound shareholder s adjusted tax basis in their Westbound stock or be treated as a sale or exchange of property.

Net Investment Income Tax

A holder that is an individual is subject to a 3.8% tax on the lesser of: (1) his or her net investment income for the relevant taxable year; or (2) the excess of his or her modified adjusted gross income for the taxable year over a certain threshold (between $125,000 and $250,000 depending on the individual s U.S. federal income tax filing status). Estates and trusts are subject to similar rules. Net investment income generally would include any capital gain recognized in connection with the merger (including any gain treated as a dividend), as well as, among other items, other interest, dividends, capital gains and rental or royalty income received by such individual. Holders are urged to consult their tax advisors as to the application of this additional tax to their circumstances.

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Information Reporting and Backup Withholding

Westbound shareholders are required to retain permanent records and make such records available to any authorized IRS officers and employees. The records should include the number of shares of Westbound stock exchanged, the number of shares of Guaranty common stock received, the fair market value of the Westbound stock exchanged, and the holder s adjusted basis in the Guaranty common stock received

If you are a non-corporate holder of Westbound stock, you may be subject, under certain circumstances, to information reporting and backup withholding (currently at a rate of 24%) on any cash payments you receive pursuant to the merger. You generally will not be subject to backup withholding, however, if you:

- furnish a correct taxpayer identification number, certify that you are not subject to backup withholding and otherwise comply with all the applicable requirements of the backup withholding rules; or

- provide proof that you are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules are not an additional tax and will generally be allowed as a refund or credit against your U.S. federal income tax liability, provided you timely furnish the required information to the IRS.

Certain Reporting Requirements

If a U.S. holder that receives Guaranty common stock in the merger is considered a significant holder, such U.S. holder will be required (i) to file a statement with its U.S. federal income tax return in accordance with Treasury Regulation Section 1.368-3 providing certain facts pertinent to the merger, including such U.S. holder s tax basis in, and the fair market value of, the Westbound stock surrendered by such U.S. holder in the merger, and (ii) to retain permanent records of these facts relating to the merger. A significant holder is any Westbound shareholder that, immediately before the merger, (i) owned at least 5% (by vote or value) of the outstanding shares of Westbound stock, or (ii) owned Westbound securities with a tax basis of $1.0 million or more.

This discussion of certain material U.S. federal income tax consequences is for general information purposes only and is not tax advice. Holders of Westbound stock are urged to consult their tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty. Holders of Westbound stock are also urged to consult their tax advisors with respect to the effect of possible changes in any of those laws after the date of this proxy statement.

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COMPARISON OF SHAREHOLDERS RIGHTS

If the merger is completed, holders of Westbound stock will be entitled to receive shares of Guaranty common stock in exchange for their shares of Westbound stock. Guaranty is organized under the laws of the State of Texas, and Westbound is organized under the laws of the state of Texas. The following is a summary of the material differences between (1) the current rights of Westbound shareholders under the Texas Business Organizations Code (the TBOC), Westbound articles of association and Westbound bylaws and (2) the current rights of Guaranty shareholders under the TBOC, the Guaranty certificate of formation and the Guaranty bylaws.

Guaranty and Westbound believe that this summary describes the material differences between the rights of the holders of Guaranty common stock as of the date of this proxy statement/prospectus and the rights of the holders of Westbound stock as of the date of this proxy statement/prospectus; however, it does not purport to be a complete description of those differences. Copies of Guaranty s governing documents have been filed with the SEC. Copies of Westbound s articles of association and bylaws are available upon written request from Westbound. To find out where copies of these documents can be obtained, see Where You Can Find More Information beginning on page 205.

Guaranty	**Westbound**
Authorized Capital Stock	
Guaranty s certificate of formation authorizes the issuance of up to 50,000,000 shares of common stock, par value $1.00, and 15,000,000 shares of preferred stock, par value $5.00.	Westbound s articles of association, as amended, authorize the issuance of up to 10,000,000 shares of common stock, par value $5.00 per share, and 1,000,000 shares of preferred stock, par value $5.00 per share.
The Guaranty Board is authorized to provide for the issuance of preferred stock in one or more classes or series and to fix the rights, designations and preferences related thereto. No shares of preferred stock are outstanding.	Holders of shares Westbound common stock are entitled to receive dividends, when, as and if declared by the Westbound board out of funds legally available therefore. The holders of outstanding Westbound common stock are entitled to one (1) vote for each share of common stock standing in his or her name on the books of Westbound on all matters submitted to a vote of the shareholders. Holders of shares of Westbound common stock are not entitled to redemption rights, conversion rights, or preemptive rights with respect to any shares or other securities of Westbound that may be issued.
	Rank and Voting Rights of the Westbound preferred stock. The Westbound preferred stock ranks subordinate and junior in right of payment to all

secured debt and Senior Indebtedness (as defined in articles of association). Holders of shares of Westbound preferred stock have only those voting rights required by law and upon any proposal for a Change of Control (as defined in articles of association). On those matters on which the holders of shares of Westbound preferred stock are entitled to vote, each holder has the right to one (1) vote for each such share, and is entitled to receive notice of

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Guaranty	Westbound
	any shareholders meeting held to act upon such matters in accordance with Westbound s bylaws
	Dividends. Holders of shares of Westbound preferred stock are entitled to a preference in the distribution of dividends, when, as and if declared by the Westbound board, and shall receive out of any assets of Westbound legally available therefore, dividends in a per share amount equal to 105% of that paid on the shares of Westbound common stock prior to the payment of any dividends to the holders of Westbound common stock. The shares of Westbound preferred stock are non-cumulative with respect to dividends, and Westbound has the right to waive the declaration of payment of dividends. Any dividends waived by Westbound do not accumulate to future periods and do not represent a contingent liability of Westbound.
	Liquidation or Dissolution. In the event of any liquidation, dissolution or winding up of the affairs of Westbound, whether voluntary or involuntary, the remaining assets of Westbound legally available for distribution to its shareholders shall be allocated among the holders of Westbound common stock and the holders of Westbound preferred stock, collectively as one class; *provided, however*, that the holders of Westbound preferred stock shall be entitled to the par value per share, if it is of greater value. Such distribution shall be made ratably as if each share of Westbound preferred stock had been converted into the number of shares of Westbound common stock issuable upon the conversion of a share of Westbound preferred stock immediately prior to any such liquidation, dissolution or winding up of Westbound.
	Antidilution Adjustments. If the outstanding shares of Westbound common stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of Westbound or of any other corporation or entity by reason of any merger, consolidation, liquidation, reclassification,

recapitalization, stock split up, combination of shares, or stock dividend, appropriate adjustment shall be made by the Westbound board in the number, and relative terms, of the shares of Westbound preferred stock.

Conversion/Redemption Rights. Except than as provided in the articles of association, shares of Westbound preferred stock have no conversion or redemption rights.

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	Other Rights. Shares of Westbound preferred stock do not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth in the articles of association or as provided by applicable law.
Corporate Governance	
The rights of the Guaranty shareholders are governed by Texas law and the certificate of formation and bylaws of Guaranty.	The rights of Westbound shareholders are governed by Texas law and the articles of association and bylaws of Westbound.
Preemptive Rights	
Holders of Guaranty common stock are not entitled to preemptive rights with respect to any shares that may be issued.	Neither the holders of Westbound common stock nor the holders of Westbound preferred stock are entitled to preemptive rights with respect to any shares of either that may be issued.
Convertibility Stock	
Guaranty common stock is not convertible into any other securities of Guaranty.	Westbound common stock is not convertible into any other securities of Bank.
	Westbound preferred stock automatically converts into shares of Westbound common stock, on the basis of one share of common stock for each share of preferred stock, immediately prior to the closing of a Change of Control (as defined in the articles of association); *provided*, *however*, that such conversion is conditioned upon the closing of any such Change of Control or upon the liquidation of Westbound, and the holder entitled to receive the common stock upon conversion of preferred stock shall be deemed to have converted such shares of preferred stock immediately prior to the closing of such Change of Control or the liquidation of Westbound.
Election of Directors	
Under Texas law, directors are elected by a plurality of the votes cast by the shareholders entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present unless otherwise provided in the	Under Texas law, directors are elected by a plurality of the votes cast by the shareholders entitled to vote in the election of directors at a meeting of the shareholders at which a quorum is present unless otherwise provided in

certificate of formation or bylaws. Neither the certificate of formation nor bylaws of Guaranty provide otherwise.	the articles of association or bylaws. Neither of the articles of association or bylaws of Westbound provide otherwise.
Guaranty s certificate of formation provides for three classes of directors and each class shall consist as nearly	Westbound s bylaws provide for one class of directors, the number of which shall not be less than

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as possible to one third of the total number of directors serving on the Guaranty Board. Except for the initial term of two classes of such directors, the directors shall be elected to a three year term. The elections of the directors shall be staggered such that one class of directors will be elected in each year.	five (5) and not more than twenty-five (25) (as the Westbound Board shall designate by resolution). Except in the case of a vacancy, each director shall be elected at the annual meeting of shareholders and shall hold office until his or her successor is elected and qualified or until death, resignation, or removal. Cumulative voting in the election of directors is not permitted.
Each director shall be elected by the vote of a majority of the votes cast by the holders of shares entitled to vote at any meeting for the election of directors at which a quorum is present, provided that if the number of director nominees exceeds the number of directors to be elected at such a meeting, the directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote at such meeting at which a quorum is present. No cumulative voting is permitted for the election of directors pursuant to the certificate of formation.	The bylaws provide that Westbound may appoint any individual as an honorary director, advisory director or director emeritus. Such individuals may be compensated for their service, but they are not entitled to vote at any meeting of the Westbound Board, they are not counted for purposes of determining whether a quorum is present at any meeting, and they shall not have any responsibility or be subject to the liability imposed upon a director.
Removal of Directors, Board Vacancies and Classes of Directors	
Guaranty s certificate of formation provides that subject to the right of holders of a class of stock having the right to elect a director solely by the holders of that class, any director may be removed only (i) for cause and (ii) by the affirmative vote of the holders of a majority of the combined voting power of the outstanding stock entitled to vote in the election of directors, voting together as a single class.	Westbound s bylaws provide that any director may be removed with or without cause at any special meeting of shareholders, by the affirmative vote of a majority of the number of shares of the shareholders present in person or by proxy at such meeting and entitled to vote for the election of such director, if notice of intention to act upon such matter shall have been given in the notice calling such meeting.
Guaranty s certificate of formation also provides that any vacancy on the Guaranty Board occurring between the annual meetings of shareholders, including up to two newly created directorships may be filled by election at an annual or special meeting of the shareholders called for that purpose or by a majority of the Guaranty Board then in office (even if less than quorum). Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor.	Westbound s bylaws also provide that any vacancy occurring on the Westbound Board, including up to two (2) vacancies created by an increase in the number of directors during a period between two successive annual meetings of shareholders, may be filled by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Westbound Board; *provided*, *however*, that the shareholders shall have the right, at any annual or special meeting called for the purpose of filling a vacancy on the Westbound Board, to fill such vacancy.

Guaranty s certificate of formation provides that any change to the number of directors, and any increase or decrease therein, is to be apportioned among the classes so as to maintain of the representation of one third of the directors in each class.

Whenever the authorized number of directors is increased between annual meetings of the shareholders, a majority of the directors then in office shall have the power to elect such new directors for the balance of a term and until their successors are chosen and qualified. Any decrease in the authorized number of directors shall not become effective until the expiration of the term of the directors then in office unless, at the time of such decrease, there shall

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	be vacancies on the Westbound Board which are being eliminated by the decrease.

Shareholder Proposal of Business or Nominations for Directors

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Guaranty s bylaws provide that a notice of a shareholders to make a nomination of a person for election as a director or to bring any other matter before a meeting shall be made in writing and received by the Secretary of Guaranty, in the event of an annual meeting of the shareholders, no more than 120 days and no less than 90 days in advance of the anniversary date of the immediately preceding annual meeting, *provided, however*, that in the event that the annual meeting is called on a date that is not within 30 days before or after such anniversary date, notice by the shareholder in order to be timely must be so received not later than the close of business on the 15th day following the day on which notice of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs.	Westbound s bylaws provide that a shareholder may submit business, *other than nominations of directors* (which is described below), for consideration at an annual or special meeting provided that (i) s/he is a shareholder of record of the bank at the time the notice and the meeting, (ii) s/he is entitled to vote at such meeting, (iii) notice was timely given in writing to the secretary, and (iv) such business is a proper matter for shareholder action.
In the event of a special meeting of the shareholders, such notice shall be received by the Secretary of Guaranty not later than the close of business on the 15th day following the day on which notice of the meeting is first mailed to shareholders or public disclosure of the date of the special meeting was made, whichever occurs first.	Timely notice for an annual meeting must be delivered to or mailed and received at Westbound not less than 90 nor more than 120 calendar days prior to the 1st anniversary of the preceding year s annual meeting; *provided*, *however*, that if that the date of the annual meeting is advanced more than 30 calendar days prior to such anniversary date or delayed more than 60 calendar days after such anniversary date, then timely notice must be received no later than 70 calendar days prior to the date of the annual meeting (or, if the notice of annual meeting is first mailed less than 50 days prior to the meeting date, the 7th calendar day following the date on which notice is first mailed by or on behalf of Westbound).
Every notice by a shareholder must set forth (i) the name and residence of the shareholder of the corporation that intends to make a nomination or bring up any other matter, (ii) a representation that the shareholder is a holder of Guaranty s voting stock (indicating the class and number of shares owned) and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice, (iii) with respect to notice of an intent to make a nomination for a director, a description of all arrangements and understandings between the shareholder and each nominee pursuant to which the nominations are made, (iv) with respect to an intent to make a nomination, such other information regarding each nominee proposed by such shareholder required to be disclosed in a proxy statement filed pursuant to the proxy	Timely notice for a special meeting, must be delivered to or mailed and received at Westbound not less than 40 calendar days nor more than 60 calendar days prior to the meeting date; *provided*, *however*, that if less than 50 calendar days notice is given, timely notice must be so received not later than the close of business on the 7th calendar day following the date on which notice of the meeting was first mailed by or on behalf of Westbound.

rules of the SEC had each nominee been nominated by Guaranty s board, and (v) with respect to the notice of intent to bring up any other matter, a description of the matter and any material interest of the shareholder in the matter.

In addition to being timely, the shareholder s notice must promptly update and supplement information previously provided to Westbound in accordance with Westbound s bylaws.

To be valid, every shareholder notice must contain: (A) a description in reasonable detail of the business desired to be brought before the meeting and the reasons therefor; (B) the name and address, as they appear on Westbound s books, of the shareholder proposing such business and any Shareholder

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The Chairman of the Guaranty Board may refuse to acknowledge the nomination of any person not made in compliance with the bylaws.	Associated Person (defined in the Bylaws)[1] covered by clauses (C) and (D) below); (C) the class and number of shares owned beneficially and of record by the shareholder and any Shareholder Associated Person (and any derivatives, hedged positions, synthetic and temporary ownership techniques, swaps, securities loans, timed purchases and other economic and voting interests or similar positions, securities or interests held by such shareholder and Shareholder Associated Person with respect to Westbound s securities); (D) any material interest of the shareholder or any Shareholder Associated Person proposing such business; (E) any material equity or business interest in any direct competition of Westbound; and (F) any agreements the shareholder or any Shareholder Associated Person has with other persons or entities in connection with such business.
	In addition, shareholders may nominate director(s) for election at annual or special meetings. Such shareholder nominations must (i) be made by a shareholder of record of Westbound at the time of the notice and as of such meeting, (ii) be made by shareholder entitled to vote at such meeting, and (iii) provide timely written notice to the secretary. Clause (iii) above is the exclusive means for a shareholder to make any nomination at a shareholder meeting. The requirements for timely notice for a nomination of directors at an annual meeting is the same as set forth for above for shareholder proposals.
	Such shareholder s notice shall set forth (i) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are being made and (ii) as to each person whom the shareholder proposed to nominate for election or reelection as a director, such nominee s (A) name and address, (B) age, (C) business experience for the last 5 years (or more, if material), including information about the nominee s particular areas of expertise or other relevant qualifications, (D) familial relationships with other directors or officers of

the bank, if any, (E) arrangements or understandings between the nominee and any other person(s)

[1] Pursuant to Westbound s bylaws, Shareholder Associated Person means (i) any person controlling, directly or indirectly, or acting in concert with, such shareholder, (ii) any beneficial owner of shares of stock of Westbound owned of record or beneficially by such shareholder and (iii) any person controlling, controlled by or under common control with such Shareholder Associated Person.

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	(naming such person(s)) pursuant to which the nominee was or is to be selected as a nominee, if any, (F) involvement in any legal proceedings during the last ten years, (G) other directorships currently held, or held during the past 5 years, in any company with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act or any other financial institution or bank holding company, naming such company, and (H) written consent to being named in the proxy statement as a nominee and to serving as a director, if elected.
	Westbound may require any proposed nominee to furnish such other information as may reasonably be required by the bank to determine the eligibility of such proposed nominee to serve as an independent director of the bank or that could be material to a reasonable shareholder s understanding of the independence, or lack thereof, of such nominee. The determination of whether any business or nomination sought to be brought before any annual or special meeting of the shareholders is properly brought before such meeting in accordance with Westbound s bylaws shall be made by the chairman of such meeting. If the chairman determines that any business or nomination is not properly brought before such meeting, he will so declare to the meeting and any such business or nomination will not be conducted or considered.
Shareholder Actions	
Texas law provides that on matters other than the election of directors, the affirmative vote of the holders of a majority of the shares entitled to vote on, and who voted for, against, or expressly abstained with respect to the matter, will be the act of the shareholders unless the vote of a greater number is required by law, the certificate of formation, or the bylaws. Under Texas law, a corporation s certificate of formation or bylaws may provide that the affirmative vote of holders of a specified portion of the shares, not less than a majority, entitled to vote on the matter will be the act of the shareholders, rather than the specified portion of the shares required pursuant to Texas law. Under Texas law, the affirmative vote of the holders of at least two-thirds of the	Texas law provides that on matters other than the election of directors, the affirmative vote of the holders of a majority of the shares entitled to vote on, and who voted for, against, or expressly abstained with respect to the matter, will be the act of the shareholders unless the vote of a greater number is required by law, the certificate of formation, or the bylaws. Under Texas law, a corporation s certificate of formation or bylaws may provide that the affirmative vote of holders of a specified portion of the shares, not less than a majority, entitled to vote on the matter will be the act of the shareholders, rather than the specified portion of the shares required pursuant to Texas law. Under Texas

outstanding shares of the corporation entitled to vote is required to approve a fundamental business transaction.

law, the affirmative vote of the holders of at least two-thirds of the outstanding shares of the corporation entitled to vote is required to approve a fundamental business transaction.

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Guaranty	Westbound
Guaranty s certificate of formation provides that unless otherwise required by law, special meetings of the shareholders for any purpose may be called by (i) the chairman of the Guaranty Board, Chief Executive Officer or President, (ii) the Secretary or Assistant Secretary at the written request of either	